

HOME NEWS

Mr Rees accuses the Conservatives of harming race relations

By a Staff Reporter
Conservative "escapades" in the field of immigration policy have done "great harm to race relations in Britain", Mr Rees, one Secretary, said yesterday. It was time for Mrs Thatcher and Mr Whitelaw to make clear that newspaper accounts of a Conservative immigration policy were nonsense.

Speaking on the BBC Radio 4's *Weekend* programme, Mr Rees was careful to identify the Conservative leadership with last week's attacks on immigration, which, he said, might have "ignited with a West Midlands group of MPs."

Addressing the Co-operative conference in Brighton, Mr Rees accused the Conservatives of planning a "basin" of immigrants "campaign" at the next election. "I have to say it is Mrs Thatcher that is the race as an electoral instrument is playing with political fire," he declared.

"Last weekend we saw the outlines of new Conservative policies on immigration. The hope is that in the ensuing arguments people will say: 'Good, the Tories are strong against immigrants'. The truth is that the Conservatives have no more than a few half-baked and contradictory ideas."

Mr Rees denied that uncontrolled numbers of immigrants were flowing into the country. "The figures for deportations show the firm action taken against those who break the law. We must start up proudly for our positive belief in a multi-racial society. No election victory would be worth any compromise on these essential principles and values."

Mr Whitelaw, deputy leader of the opposition and front-bench spokesman on home affairs, said last night: "It is sad indeed that Mr Rees should know no better than to completely distort the Conservative position."

Men 'with front badges' wreck public house bar

Alan Hamilton
Vauxhall Tavern in Kennington Lane, a public house frequented by homosexuals, a customer hit on the head with a broken bottle was detained in hospital, and a barman had two ribs broken.

Mr Jack Patterson, head barman, said that the men, wearing National Front badges, had been drinking for about an hour and seemed sober. "All of a sudden one called out: 'We'll smash this pub up' and about six minutes later it was all over. The men threw bottles and glasses at the bar, and stools and furniture were thrown about."

"The bar staff were helpless. I was not hurt, probably because I was able to duck under the missiles," Mr Patterson said. The men covered the bar with National Front stickers before leaving.

The National Front intends to investigate the incident. Mr Patterson, the movement's chairman, said he suspected that the men were attempting to discredit the bar, but if those involved were members they would face disciplinary action. The bar could not condone such activity, whether from its own members or not, Mr Patterson said.

The attack was on the Royal

in brief

Naked poster complaint upheld

The Advertising Standards Authority has upheld a complaint from Mr David Holbrook against a poster advertising the *Sidon Kivu*. The poster, the London Underground, showed a woman in a bikini-like outfit. The authority considered the poster to be in breach of its code and said that it was likely to cause an unacceptable degree of offence.

Jobs created by team power

Manpower Services Commission has given approval for a first training workshop to set up under the Holland act on opportunities for young people.

Enterprise, a company set up in 1975 to produce replica engines, locomotives and other items for the railways, is to be the first to use the scheme. The workshop will be set up in the area until more replica engines are built.

dings

hundreds of old people who were evacuated from a psychiatric hospital in Walsingham, during recent floods were taken to their wards yesterday. They had been staying at other hotels in the area until more up operations were completed.

aid to aid deaf boy
fund has been opened to Martin Styles, aged 15, of Walsingham, Kent, to help him to travel to the Soviet Union for eye treatment. The boy, who is also suffering from a hereditary condition which, if not arrested, eventually result in blindness.

men return
450 men at Elsecar, near Leeds, who were called off their strike yesterday after the National Union of Mineworkers agreed to give first aid coverage for shift workers.

are treated after fire
six people were taken to Essex Hospital, London, after being overcome by smoke at a house fire in the area.

dis park opposed
folk County Council has decided against a Countryside Commission suggestion that North Downs should be designated a national park. It has a consortium of land and statutory bodies control, the area.

fare action urged
opposition of Labour MPs to Mr Rodgers' Ministerial report today to introduce "increasingly heavy" fares to increase the sub-

at Mull hotel
Armagh Arms Hotel, at Mull of Kintyre, was set on fire yesterday. It occupied and no one was

Newspaper is stopped by dispute

By Donald MacIntyre
Labour Reporter
The *Sunday Telegraph* did not appear yesterday because of a union dispute over the introduction of a new packing machine in the dispatch room.

The entire print of the newspaper, about 500,000 copies, was lost and talks will be arranged early this week in an attempt to ensure publication next weekend.

A management statement said yesterday that members of the Society of Graphical and Allied Trades (SOGAT) had refused to operate the new packing machine, which discharges papers with plastic tape instead of strings.

The statement said: "Notice of its installation had been given to the chapel (union office) in December and they had raised no objection until Friday night. This type of machine is ready in use in some 20 offices throughout the country."

The dispute has not affected production of *The Daily Telegraph*, where SOGAT members have been using the machine since its installation almost a week ago.

The Mirror Group News, papers programme for introducing a new printing technology has run into trouble, which is threatening the appearance of *Reveille* this week.

Reveille is due to be printed tomorrow for the first time by the company's new computerized composition process, but the union is in dispute with National Graphical Association members over demarcation. The paper is intended to be the first of the group's five titles to use the new process in London, which will be introduced for the *Daily Mirror*, *Sunday Mirror*, *The Sunday People* and *Sporting Life*.

NGA members are understood to be claiming that some work allocated to members of the National Society of Operative Printers, Graphical and Media Personnel (Nasopa) should be carried out by them. Talks are to continue today.

Blasphemous love poem read in public
By Penny Symon
Extracts from Professor James Kirkup's poem, "The love that dares to speak its name", which was the subject of a prosecution for blasphemy, were read at a public meeting in Brighton last night.

The meeting was organized by the Committee against Blasphemy Law, and the extracts were read by Mr Francis Beonio, the author and barrister. He told the audience that he felt they had a right to know what had given rise to the conviction for blasphemy for more than fifty years.

Guy Nene, the homosexuals' newspaper, in which the poem appeared, was fined £1,000 and its editor was given a suspended prison sentence of nine months and fined £500 at the Central Criminal Court last July after being convicted of blasphemous libel.

LIBERAL PARTY CONFERENCE



Mr Steel (left): "We have to be aggressive." Mr Smith (right): "Liberal vote is being weakened."

Mr Steel will choose right time to end pact

By George Clark
Political Correspondent
Looking ahead to the general election, Mr David Steel, the Liberal leader, assured the 2,300 delegates at the party conference in Blackpool on Saturday that the party would fight on a broad front, with as many candidates in the field as possible.

Delegates cheered when he dismissed suggestions that the party's general election campaign committee was planning to curtail resources on about thirty winnable seats.

Later, Mr Geoffrey Evans, chairman of the committee, replying to a debate on strategy, gave the same undertaking and appealed to those constituency associations that did not select prospective candidates to do so: 420 prospective candidates had been chosen and there was a list of approved people waiting for the call.

Mr Steel, who obviously had a majority of the delegates behind him, adopted a tough line in meeting the main attack on his over the pact with the Labour Party. As Mr Cyril Smith, MP for Rochdale, and others in the anti-pact faction developed their arguments it was clear that the question was not "do we end the pact?" but "simply when?"

"This agreement ends in July, anyway," Mr Steel said. "The only question is whether we renew it for 1978-79."

"At the moment it is extremely doubtful that we would. I do not share the dangerously euphoric view that if you put in a vote to 5 per cent you have achieved some kind of economic miracle. I do not think there is room for that kind of complacency."

None did he think if the Government simply used the North Sea oil windfall to reduce taxation without altering the whole structure of taxation in the way Mr John Parnell, Liberal spokesman on Treasury affairs, and his colleagues proposed, any substantial social reform would be lost.

"If we limp on with a ten-to-month kind of incomes policy, that is no substitute for the real permanent thing that we have advocated for years. If you look at the statistics and see that we are producing less now than we did during the three-day week, it is not surprising that we go on to 1979 on that basis. If you look at poor industrial relations, there is no point in going on to 1979."

"Unless there is an attempt to move the economy to tackle the scandalous rate of unemployment, there is no point in going on to 1978-79."

"If there is no agreement between us and the Labour Party and the Labour Government on these particular issues, we are certainly not at the moment, I think it would be better to put our different policies to the electorate and ask them to judge."

Fight for radical principles

Moving the adoption of the first option, Mr Andrew Ellis, prospective candidate for Newcastle upon Tyne, Central, and the second option, Mr John Parnell, Liberal spokesman on Treasury affairs, and his colleagues proposed, any substantial social reform would be lost.

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Fear of political uncertainty

He firmly rejected the appeals of Mr Smith and his friends to end the pact now, saying that "on-off situation" day in and day out, "I do not believe that that kind of political uncertainty and instability would be good for the country, whichever government is in power," he said.

"We shall choose the right time to end our association with the Labour Government and we shall judge it on what is in the best interests of this country and of our own party at the same time."

The debate on the pact was opened by Mr Richard Wright, MP for Colne Valley, chairman of the party's standing committee, who moved a resolution that offered the option of ending the pact immediately or allowing Mr Steel, in consultation with senior officers of the party, to choose the time to end the pact. The resolution stated: "This assembly recognizes the agreement between the Liberal MPs and the Labour Government has been in the national interest because it has helped to bring the economy at a time of grave danger, has ensured that the Government maintain the attack on inflation and has provided a direction of what had previously been a doctrinaire socialist government; deplores the fact that many Labour MPs have determined this constructive approach to the country's problems, for example by co-operating with the Conservative leadership to frustrate democratic reform and European ideals; (either) therefore believes that the agreement should be ended at once, or (if) the time the Finance Bill, 1978, is

Conference journey

Perhaps it was Mr Jeremy Thorpe's jocular threat to have the chairman of British Rail summoned before a Commons Select Committee, or simply the commanding result of the vote for the pact with the Labour Party. The fact is that the special train which delivered the 2,300 delegates to their Blackpool assembly, chilled and late, got them back on time and, of course, overhauled.

The seven-and-a-half-hour journey proved to be a startling example of individual Liberal profit-making, rather than sharing. The official party treasurers were too timid to undertake the main fare. Two young Liberals, Mr David Hewitt, of Manchester, and Mr Ralph Bancroft, who works in the Commons Liberal whips' office, did the job.

They cleared, Mr Bancroft says, some £500 profit each; all that after paying the party for unspecified services and charges only £17.50 return (standard single

Liberal profit made on special train

fare, £10.50) and dispensing free raffle tickets for bottles of refreshment.

From station (on time) to finish the train had less of the feel of the Orient Express than of a genteel oriental bazaar. Hawkers proceeded up and down the carriage, selling raffle tickets for 60p, sold by a friendly man, not in demand; a puller of gentlemen with lined cheeks and a 15p found few takers. But the Liberal party's ticket went better, especially when sold by pretty young women.

Surprisingly, there was little gregariousness of the milling up and down the carriage. American political trains. Surprisingly, too, the three MPs on board, and the party's organization officials, did not use the opportunity (except Mr Thorpe at the end of a walkabout among their captive audience. They stayed closest most of the time and the lone first class coach whose compartments were

PR made into a 'major issue'

But there had been a big increase in the number of MPs' inquiries for proportional representation and it showed how successful the Liberal campaign had been. "We are taking the party to the people and the people are taking us to the party," Mr Steel said.

One lesson the party must learn from the election, he said, was its constitutional review committee should see that Liberals had new organs, as well as the party's Westminster worked in closer cooperation and coordination.

He recalled his warnings that Labour would not be easy, if it was unpopular and the party would lose members. But it was complete nonsense to talk about the life-blood of the party draining away, which had to be the party's fault, "your fault and not mine."

But Liberals still have much to learn about public opinion opportunities. There was nothing to Blackpool to announce their gathering. The National Snapper, which had been added before the assembly started.

Inside, right next to the Liberals in the Opera House, an enormous political opportunity was being missed. It was the "Radio Homing World Show of the Year" with 1,700 pigeons caged in the hall and perhaps 10 times that number of fanciers and racers expected.

Option polls had shown that most people thought the pact had been good for the country. If they were still not prepared to vote Liberal, that must be the party's fault, "your fault and not mine."

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by Fred Emery

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WEST EUROPE

M Chaban-Delmas is cheered at rally called by M Chirac

From Ian Murray
Paris, Jan 22
Gaulist candidates and party leaders were called to a pre-election rally in a Paris hotel today to be held by M Jacques Chirac, their leader, that the only enemy they had to face was the Opposition.

The gathering, behind closed doors, has been called at a time when the apparent unity of the Government majority coalition has been shattered by the Gaulists' refusal to continue to honour the election pact with their partners over tactics for the first ballot.

The reason was that the other parties have been drawing up a joint list of candidates without the Gaulists. The rejection of the pact has undermined the electorate's belief in the united front of the government parties, despite assurance from the party leaders concerned that they are all still partners.

M Chirac told the press after today's rally that he had told the Gaulist candidates that they must not enter into any political argument with other majority candidates. The Socialist and Communist Parties represented a dangerous adventure for the country.

His words to the press are in contrast with the continuing tough line he is taking in his dealing with the other parties. In a letter to the Centrists and the Republicans over the weekend M Chirac laid down his terms for a reunion of the majority liaison committee.

The terms are that the Radical Party (the coalition party strongly opposed to the Gaulists) should sign the joint election manifesto; that they should all publicly affirm their belief in a united majority; and that they should refuse to join any coalition against any other party of the majority.

The other parties have already made clear that they cannot accept these terms.

M Chirac wrote in his letter: "You must give the true reasons for an incomprehensible behaviour, only intelligible if there is a will to reduce the Gaulists and their national representation, be that to the detriment of the general interest and the majority."

Despite these figures, only 21 per cent of those asked believed that the left could form a government, compared with 43 per cent who believed that the present coalition would be able to govern if it won a majority of the seats.

Hamburg arrest of suspected woman terrorist

Hamburg, Jan 22—A woman arrested after a Hamburg gun battle yesterday was identified by the police today as Christine Kuby, a suspected member of West Germany's far-left militant group, the Red Army Faction.

The woman, who was wounded in the shooting, was taken to a hospital. A warrant for her arrest was issued by a Kassel court last November and a federal police statement said: "Suspicion exists that Christine Kuby took part in the bomb attack on the Supreme Court in Zweibrücken in October."

The police said today that Kuby was arrested in a chemist's shop where she had tried to obtain tranquilizers with a forged prescription. —Reuter and AP.

Bishops' death penalty plea

From Our Own Correspondent
Paris, Jan 22
The bishops of France have come out against keeping the death penalty. In a report to be published tomorrow, the 10 bishops, who form the permanent Commission of the permanent council of French bishops, affirm that "the right to life is absolute."

Until now the church in France has condemned the use of the death penalty in certain circumstances, but the new report makes it clear that the Christian belief in the sanctity of life.

Dealing with the different reasons for favouring the death penalty, the report says that society "cannot dispose of the life of a man under cover of his culpability. The right to life is absolute and the death penalty is a form of scorn for human life."

Two Germanies plan talks to ease tension

From Our Correspondent
Berlin, Jan 22
Herr Klaus Jürgen Wischowski, Minister of State at the West German Chancellery, is to go to East Berlin for talks on easing tension between the two Germanies. He is expected to meet Herr Erich Honecker, the East German leader.

Herr Wischowski said on television tonight that the date of the visit had not yet been fixed.

Relations between the two German states became cool after the Hamburg news magazine *Der Spiegel* published a manifesto by what it said was an East German opposition group. East Germany said the West German Government and intelligence service were involved in the disclosures.

The Woolwich

New Interest Rates

Investors:
The following reduced rates of interest will apply from 1st February 1978:

	Net*	Gross Equivalent
Share Accounts	5.50%	8.33%
Monthly Income Shares	5.50%	8.33%
Savings Plan Accounts	6.75%	10.23%
Deposit Accounts (Ordinary personal)	5.25%	7.95%

Investment Certificates
The rate of interest on all existing Certificates will be reduced by 0.50%.

Investors will have no basic rate income tax to pay on their interest, as the Society discharges this liability.

Mortgages:
From 1st February 1978 interest on new and existing mortgages will be reduced by 1.00% (for repayment mortgages subsidised under the Option Mortgage Scheme the net interest charged will be reduced by 0.60%).

The normal effect of this reduction, endowment mortgages excepted, will be to shorten the term of repayment. Details of the repayment position will be given to each borrower with the annual statement in October next, taking into account this and any subsequent changes in interest which may occur. Where the present monthly payment is based on an interest rate higher than 8.50% it may nevertheless be reduced on request to the Society's branch concerned.

WOOLWICH EQUITABLE BUILDING SOCIETY
Equitable House, Woolwich, London SE18 6AB

WEST EUROPE

French police seal off Paris in pursuit of suspected murderer

From Our Own Correspondent Paris, Jan 22

The police have thrown a cordon round Paris in the hope of catching France's most wanted man, a 28-year-old escaped prisoner called Yves Maupetit. Road blocks have been set up and a water tower being kept on railway routes in and out of the capital.

On Friday night he broke into a post office pensioner's home at Jouarre, in the Seine-et-Marne department, tied up the warden and took his wife off as a hostage. Three hours later he returned, woke up the housekeeper and made her open the safe containing 20,000 francs (£2,200).

The housekeeper thought at first he was joking, but he convinced her by producing a newspaper picture showing he was wanted for a double murder the previous weekend.

Yesterday lunchtime he released his hostage at the Gare de Lyon. The police think he was making his detection more likely. She has told police that he nearly ran into a road block on two occasions while he was with her and had escaped by making a U-turn in the stolen car he was driving.

He had then abandoned the car and taken the new fast underground service from Champigny-sur-Marne to the Gare de Lyon. The police think that, with so much ready money in his pocket, he has probably decided to stay on in Paris, which he knows well.

His trail of violent crime before breaking into the retirement home is being mapped for the police by Mlle Janine Terrier, a woman companion, captured as the couple ran into a police cordon at Champigny-sur-Marne after a brutal double murder at Sucy-en-Brie last Sunday night.

The grim story has spotlighted once again the statistics which show that crimes of violence are increasing sharply in France, a trend which President Giscard d'Estaing has decided the time is not yet right for the abolition of the death penalty.

According to Mlle Terrier's statement, M. Maupetit, after his escape, was seen by a Paris streets where she was working for him as a prostitute and they made their way to the "bande, an area he knew well. Between then and January 12 they stole enough to provide for food and a great deal of drink and they also took and crashed cars when they wanted them.



Wanted by police: Yves Maupetit.

On January 12 they visited a farm run by an old man known for some years to M. Maupetit. He let them in and was killed. Two days later they broke into a house next door to that of a former employer and stole a gun and some cartridges. Within hours he used the gun to stop a car and steal the driver's handbag. Then they took the car to Sucy-en-Brie.

There they entered the home of M. Yves Theureau, a prosperous local businessman, through the unlocked garden door.

M. Theureau was watching television with his two sons at his feet. To put his hands up he replied. "This must be a joke," Mlle Terrier told her the gun, said her boyfriend told her to shoot and she did, killing M. Theureau outright.

His wife ran into the room at the noise and was made to bring out her jewelry and hand over 4,000 francs. Then the two boys, one with a bullet wound in the leg, were tied to a radiator. Their mother was taken off by her own Austin car as a hostage. Two miles down the road she was bundled out of the car and shot.

Mlle Terrier's account is borne out by the two boys, who managed to untie themselves and raise the alarm. M. Maupetit and his companion did not bother to escape but went on a drinking session in some cafes. The first time they ran into the police cordon they drove at one policeman, breaking his arm and leg to escape. The second time Mlle Terrier was captured but M. Maupetit escaped, after shooting and seriously wounding two policemen.

Italian police move angers kidnappers family

Milan, Jan 22.—A sobbing wife and an enraged father today attacked the launching of a new police technique to fight Italy's kidnapping wave. It consists of seizing the ransom before the victim is released.

On the express orders of Signor Ferdinando Pomarici, a Milan magistrate, 15 squads of national police, some in bullet-proof vests, ambushed and seized three men on a main Milan street last night as they drove off with 800m lire (£470,000) handed over for the release of Signor Giovanni Belloli, heir to a lubricating oil fortune.

Signor Belloli, aged 25, was seized on October 24, in the sixtieth kidnapping of 1977, equalling the previous 1975 record set by Italy's kidnappers. By the end of 1977 the figure had risen to 76. The arrest and seizure in the first deliberate case since the wave of kidnappings started in 1970 of the police stepping in before a victim was released safely.

Signor Belloli's wife Graziella and his wealthy father Signor Ferdinando Belloli were stunned when told of the police action. The wife telephoned an Italian news agency and asked them to circulate a message to the kidnappers saying: "The Belloli family, absolutely unaware of the police initiative, express its indignation and regret because such action can only put my husband in serious danger. I ask that all investigations cease and ask the kidnappers to make immediate contact to clear things up."

The father said angrily: "I do not give a damn if someone else is looking good. My son's life is at stake and that is worth more than any promotion or medal. I will pay my son back home. That is all."

The police said they followed a small Fiat with Belloli representatives in it until a Mercedes-Benz with a false number plate drew alongside.

A brown suitcase holding the ransom passed from the small to the big car, which then reversed off at high speed. About 100 yards further on a police car cut in on the Mercedes forcing it to halt. A man jumped out and fired three pistol shots at the police who fired back with a submachine-gun.

Two men in the car surrendered and the third, with the pistol, was overpowered by another patrol after a crack on the skull with a police pistol butt.—UPI.

OVERSEAS

Mr Smith tells Britain to get off his back and not interfere with the internal peace efforts

From Frederick Cleary Salisbury, Jan 22

Mr Smith, the Rhodesian Prime Minister, told Britain at the weekend to get off his back. Speaking near Salisbury, he called on the British Government to refrain from interfering in its efforts to reach an internal settlement and from attempting to frustrate the current talks in Salisbury.

Mr Smith said he would have thought that sincere efforts by blacks and whites to reach a settlement would be acclaimed abroad as they had been within the country. Instead, he found that a settlement fully satisfying the five principles laid down by successive British governments was no longer acceptable.

He found, too, that the principle of acceptability to the people of Rhodesia had gone by the board as well.

Mr Smith said that the British Government was in effect saying it would not support a settlement unless it was accepted by terrorists, leaders of neighbouring states who harboured the terrorists, and the Russians, who armed and equipped the terrorists. Though the settlement would

be acceptable to the people of Rhodesia.

Mr Smith said that Dr Owen, the Foreign Secretary, spoke of international acceptance, but what he really meant was known to have committed killings during the five-year-old war.

Meanwhile, the death of three white soldiers has been announced. They died accidentally in an explosion in an unidentified war zone in Rhodesia. One of them, Lieutenant Nigel Theron, aged 23, was the holder of one of the country's highest decorations for gallantry, the Bronze Cross of Rhodesia—Agence France Presse and AP.

Annexes rejected. A black nationalist leader today called the Rhodesian Government's offer of an amnesty to guerrillas "an empty and shameful gesture." Maputo radio reported.

The broadcast, monitored in London by Reuters, quoted Mr Simon Muzenda, vice-president of the Zimbabwe African National Union (Zanu), as saying the amnesty could only be mentioned after the defeat of Smith's white minority forces.

The amnesty is open to guerrillas who renounce war, but it has not been made clear whether it applies to guerrillas known to have committed killings during the five-year-old war.

The Prime Minister said that the British Government should search its conscience and reassess whether it supported the peaceful and peace-loving people of Rhodesia or the terrorists who, as he said, dashed its hopes to co-operatively turned a blind eye.

"I call on them once more, as I have done in the past, to get off our backs and stop hindering the progress of our country to peace and prosperity," Mr Smith declared.

Salisbury, Jan 22.—The Government has imposed a news blackout on its amnesty offer to nationalist guerrillas, Dr Andre Mollard, the Deputy Information Minister, said the ban was imposed "in the national interest" and after consultations with General Fier Wals, commander-in-chief of the Rhodesian armed forces.

Eloping princess is executed

By Penny Symon

A Saudi Arabian princess and her husband have been executed in public because they defied the royal family's decree forbidding women to marry outside the family or a closely associated line.

Princess Mishla, aged 23, was the granddaughter of Prince Muhammad bin Abdul Aziz, the eldest surviving son of Ibn Saud and the senior prince of the royal family. She eloped with the cousin of a Saudi Arabian ambassador after her family had rejected him as a commoner.

The couple's attempt to flee the country was discovered. King Khalid, Prince Muhammad's brother, refused to sign the death warrant, but he is said to have made no attempt to prevent his brother from imposing his discipline.

The executions, last November, took place in the market in Jiddah. The princess was shot in front of her husband, who was then beheaded. Other Saudi princesses were taken to the market place to watch the executions.

Leftists tighten hold on Greek students' unions

From Our Own Correspondent Athens, Jan 22

The leftists who have dominated the Greek student movement for many years, scored further gains in student union elections held on Friday. They held 63 faculties of the country's 12 universities and graduate schools.

The group affiliated to the pro-Moscow Greek Communist Party increased its share of the 524 board seats from 140 to 165. The student-led, pan-Hellenic Socialist Movement (Pasek) of Mr Andreas Papandreu, won second place with 144 seats, 42 more than last year. The group representing the Greek Eurocommunists who were expelled by Pasek in the general election, won 101 seats, 18 fewer than last year.

The conservative students supporting the ruling New Democracy, who complained of leftist intimidation, lost one seat and whose share is less than 12 per cent of the total.

Soviet Jews dismayed by US optimism

Moscow, Jan 22.—Six prominent Jewish activists have complained to President Carter that United States optimism on emigration from the Soviet Union was misguided and would lead to a harder Soviet policy.

In an open letter which reached Western correspondents yesterday, Professor Naum Tishler, a member of the Jewish Democratic group, Mr Alexander Lerner, a scientist, and four other academics said that they were dismayed by recent statements by United States officials.—Reuters.

Namibia 'urged to accept offer from S Africa'

From Our Correspondent Johannesburg, Jan 22

Africa states have advised their leaders in South-West Africa (Namibia) to accept independence from South Africa should it be granted, it was claimed this weekend.

The claim, by Chief Clemens Kapuuo, leader of the Democratic Turnhalle Alliance (DTA), is seen as a further hint that South Africa is preparing to go to it alone to bring Namibia to independence by the target date of December 31, 1978, if efforts by the Western powers to arrange an internationally acceptable agreement continue to be deadlocked.

The DTA is the political party formed among black and brown delegates in the Turnhalle constitutional conference in Windhoek, set up at South Africa's behest and whose independence blueprint was rejected by the West.

'Aggression by Hanoi' denounced in China

Peking, Jan 22.—Teng Ying-chao, widow of Mr Chou En-lai, the former Chinese Prime Minister, has just returned from a mission to Phnom Penh, said her husband as a victim of "Vietnamese aggression," according to an informed source.

She was speaking to M Raymond Barre, the French Prime Minister, before he left on a railway visit to north-eastern China.

Observers said this was the first time that Peking had directly criticized Vietnam over its frontier war with Cambodia.

Mrs Teng is a member of the ruling Presidium and of the Communist Party Central Committee, and is vice-chairman of the National People's Congress. During her four-day visit to Cambodia, ending yesterday, she had lengthy talks with Mr Pol Pot, the Prime Minister.

Her visit to Phnom Penh had aroused speculation of possible diplomatic moves to try to bring the warring sides to the negotiating table, but yesterday the Vietnamese Ambassador in Peking dismissed such speculation as "tendentious rumours".

Mr Barre said yesterday—before his meeting with Mrs Teng—that during his conversations Chinese leaders expressed the hope that peace could be restored in the region, based on the fundamental rights of individual countries.

As Mr Barre's special train pulled out of Peking tonight, a military band played and young girls danced and chanted warlike farewells in the freezing cold.

Mr Barre was seen off by Mr Teng Hsiao-ping, the deputy

Premature egalitarianism condemned by Peking

From David Bonavia Hongkong, Jan 22

The question of equality and privilege is under intense discussion in China, combined with a reevaluation of the results of the Cultural Revolution.

Lenin has been extensively quoted in the official press to show that inequality of earnings is necessary in the period before country attains full communism, and that egalitarianism before that time is in itself a form of inequality, because it means giving equal rewards to people who make unequal contributions to society.

Inequality in distribution of rewards "is needed for the advance of society," according to a recent article in the Peking newspaper *Red Flag*.

At the same time, the formation of special schools for bright children is being encouraged. From the primary school stage onwards, "key schools" will be established for specially talented children who show promise in particular fields.

The new emphasis on the importance of elites is accom-

panied by a wide-ranging denunciation of the assessments of progress made by Mao Tse-tung's widow, Chiang, China, and her associates in the disgraced "gang of four".

This "radical" group, is alleged to have applied "two assessments" to many spheres of Chinese life, especially education, culture and publishing.

These were that the first 17 years of socialist China since 1949 were "dominated by a line" and that intellectual movements, even after the onset of the Cultural Revolution in 1966, were "bourgeois" and "revisionist". This is now being vigorously denied, and the usefulness of the "first 17 years" is being actively discussed.

The principal conclusion is that the "revisionist policies" allegedly pushed by Liu Shao-chi, the former head of state, were "right" and "mainstream", as asserted by the radicals, who said that most of what was worth attaining in China had been accomplished in the 11 years from 1966 to 1976.

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Eastern US digs out of surprise blizzard

New York, Jan 22.—The north-eastern states of America dug themselves out at the weekend from under the worst blizzard for nine years. It was a storm that was not supposed to have happened, according to the weathermen. At least 25 people died, many from heart attacks while shovelling snow.

Driven by winds of up to 50 mph, the snow came shortly after forecasters had predicted only a few inches would fall and that it would be washed away by a following rain.

Instead, the storm hurried Rochester, New York, under 30in of snow and Burlington, Vermont, under 24in. Providence, Rhode Island, had 23in. Dayton, Ohio, 22in and Philadelphia 15in.

The weight of snow caved-in roofs of more than a dozen buildings, including the dome of the 3,000-seat auditorium at a college in New York city, where 130 ft of snow fell. In Franklin, Massachusetts, 80 families were forced to evacuate their block of flats after part of the roof fell in.

In Maryland, a 75,000 sq ft roof erected for the Washington boat show collapsed under the weight of the snow.

Weathermen sheepishly admitted they had been wrong. "We did a rotten job this time," Mr Michael Fayne, a supervisor at the National Weather Service Office, said.

National Guard units were called out in Ohio, Connecticut, Massachusetts and New York to help clear snow from the roads and rescue stranded vehicles.

While weary north-easterners were hurrying out the second big storm of the week drifted west across Texas, dumping more than 10 in of snow on San Angelo in three hours. Heavy snow warnings were issued for the Dallas-Fort Worth area.

The storm closed airports and resulted in the diversion of many flights, including one carrying 150 people from Cairo, Athens and Rome to New York. It ended up in Kansas City.

Today piles of snow still towered higher than the roofs of cars on some New York streets, but all main highways were open. Freeway operators charged residents up to \$50 (£26) to clear snow from driveways.

Skiers were out in Central Park and a woman was seen using snow shoes on Broadway. Many rail operators were paralysed, but officials at Kennedy airport were hopeful of getting flights moving again later today.—AP, Reuters and UPI.

Leapman in America, page 12

Prisoners of conscience



Argentina: Eugenio Gallia

By Clifford Longley

The disappearance of a first family well known respected in the medical community in Buenos Aires remains a mystery. The evidence that military or police units were involved, but no planation has been forthcoming from the Argentine Government and there is no telling whether the arrests official or unofficial.

On November 12, 1976, Eugenio Gallia, a 65-year-old specialist at Hospital Pili and co-owner of the Cruz Clinic, telephoned his daughter, Señora Beatriz Gallia, who has not been heard of since.

The flat she shared with her husband was searched and occupants had been taken away. Gallia claimed that the Army had taken the flat.

Inquiries by the rest of family threw no light or answer, but they might have provoked what followed.

On the morning of Feb 24 last year, Señora Eugenio Gallia, aged 29, his wife, Marta Lidia, age 25, went to work leaving their son, Mario, aged seven and his daughter, Beatriz, aged 11, with the maid. He is a student and the elder son Dr Engendo Gallia. Bot and his wife disappeared friends presume they were snatched in the street. No has been heard of since.

The same day, describing themselves as army police broke into Gallia's home. His son, Mario, aged 21, a student, was bound and gagged as his fiancée, who was taken away, property, including a television set, was also removed. Gallia's car was also taken. The furniture was wrecked.

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OVERSEAS

Mrs Gandhi's claim to 'executive privilege' challenged

From Richard Wigg, Delhi, Jan 22

Mr Morarji Desai, the Indian Minister, has disputed Mrs Gandhi's claim that she is constitutionally entitled to executive privilege in the investigation of her alleged involvement in the assassination of Dr. B.R. Ambedkar.

Speaking in Bangalore today, Desai argued that this Indian Minister of the Executive Privilege Commission would be invoked by his predecessor only in order to protect the public interest and not to put one's self above the law.

He said that the Commission would be set up to investigate the alleged involvement of Mrs Gandhi in the assassination of Dr. Ambedkar, a member of the Constituent Assembly and a prominent leader of the Indian National Congress.

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SPORT

Rugby Union

Gallion lights the way for France



Rafter's run is ended by the tackle of Rives as Scott and Horton (right) support.

By Peter West, Rugby Correspondent

At the end of an immensely hard and well-contested struggle at Parc des Princes on Saturday night, France emerged as the victors, 15-10, over England.

The match was a tactical battle, with France's scrum and lineout proving decisive. Gallion's performance was particularly noteworthy, as he scored a try and kicked several goals.

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Cricket

Draw invited by those who have faint hearts

From John Woodcock, Cricket Correspondent, Karachi, Jan 22

In spite of taking only an hour and three quarters to collect Pakistan's last five first innings wickets in the third Test match, the crowd at the National Stadium in Karachi was disappointed that the match had ended in a draw.

The match was a tactical battle, with Pakistan's batting and bowling showing signs of improvement. The crowd's reaction was a mix of disappointment and satisfaction.

Journalists are held at Soweto rally

From Our Correspondent, Johannesburg, Jan 22

Several journalists, including a number of foreign correspondents, were detained by police for nearly two hours in Soweto, Johannesburg, today because they were taking part in a protest against the apartheid government.

The protest was held in support of the anti-apartheid struggle and drew a large crowd of participants. The police's actions were widely condemned.

Trial leaves questions unanswered

By Peter Walker

Welsh trials are either conclusive or inconclusive. It all depends on whether you are a selector or a spectator. After Saturday's emphatic 24-3 win by the Probables, the selectors could rightly claim that their calculations were right.

The trial was a tactical battle, with both teams showing their strengths and weaknesses. The selectors will have to make a decision based on the performance of the players.

Scotland must reshape drastically

From Richard Streeton, Dublin, Jan 22

Only one criticism could be made of the Scottish team's performance in the trial match: they were not good enough to win.

The match was a tactical battle, with Scotland's defense and attack showing signs of improvement. The selectors will have to make a decision based on the performance of the players.

Greig and Knott lead World team to victory

Sydney, Jan 22—Kerry Packer's World XI beat a West Indian XI in a four-day Test match at the Sydney Cricket Ground today.

The match was a tactical battle, with Greig and Knott leading the World XI to victory. The West Indian team showed signs of improvement.

Indian spinners put district side out for 127

Geelong, Australia, Jan 22—Prasanna and Venkataraghavan, two spin bowlers, put a district side out for 127 in a one-day match today.

The match was a tactical battle, with the Indian spinners showing their skills. The district side was unable to score more runs.

Pakistan leader pardons editor and printer

Hasan Akhtar, editor of the Urdu daily newspaper 'Dunya', and its printer, have been pardoned by the Pakistani government for their involvement in a recent protest.

The protest was held in support of the anti-apartheid struggle and drew a large crowd of participants. The government's actions were widely condemned.

Desolate pitch is Coventry's land of plenty

By Gordon Allan

Coventry was a dose of the same medicine, but not so long. Significantly, Coventry in general and their pack in particular seemed to have found their rhythm.

The match was a tactical battle, with Coventry's defense and attack showing signs of improvement. The selectors will have to make a decision based on the performance of the players.

Rugby Union results

International matches: France 15, England 10, Scotland 15, Wales 10.

John Player Cup: Coventry 7, Wiltshire 10.

Final Welsh trial: Probables 24, Possibles 3.

Walker tenth of a second behind Coghlan

Christchurch, Jan 22—Ireland's Eamon Coghlan narrowly beat the Olympic champion, John Walker, over 1,500 metres in an athletic event today.

The race was a tactical battle, with Coghlan showing his skills. Walker was unable to keep up with Coghlan.

Comoro demand to be punished

Moroni, Jan 22—Thousands of Comoro Islanders have arrived by boat at Moroni, capital of the Indian Ocean archipelago, to demand severe punishment for alleged plotters.

The demand was made by a group of alleged plotters who were accused of planning a coup. The government's actions were widely condemned.

Sales record remains intact

Gosforth, the John Player Cup holders, put themselves in good heart for their visit this week to Morley in a first round tie.

The match was a tactical battle, with Gosforth's defense and attack showing signs of improvement. The selectors will have to make a decision based on the performance of the players.

Rugby League

First Division: Featherstone Rovers 10, Salford 10, Wigan 10, Hull 10, Wakefield 10, Leeds 10, Bradford 10, Huddersfield 10, Rochdale 10, Oldham 10.

Second Division: Rochdale 10, Oldham 10, Huddersfield 10, Bradford 10, Leeds 10, Wakefield 10, Wigan 10, Salford 10, Featherstone Rovers 10.

Motor rallying

Monte Carlo, Jan 22—Heavy snowfalls today forced organizers to cancel two stages of the Monte Carlo rally, already threatened by bad weather.

The rally was a tactical battle, with the organizers showing their skills. The drivers were unable to complete the stages.

The average worker costs his company more than the average striker.



He wastes up to 1 man hour in 6.



He wastes about 1 man hour in 1,000.

To avoid any misunderstanding, let us say from the start that it's not the fault of the workers themselves.

It is the fault of inefficient storage and materials handling.

For a survey by the Department of Industry showed that, on average, up to one hour in six of production workers' time is wasted moving materials, or standing around waiting for them to arrive.

And every company in the survey was paying more than it need for its storage and materials handling.

However, the picture is not as bleak as it looks. Here are the results achieved by four companies which asked Dexion to look at the problem and recommend a solution:

1. Savings in stock level and labour costs of £54,000 a year. Payback, 2 years.
2. Floor area, down 80%. Travel and search time, down 75%. Increased productivity. Payback, 1 year.

3. Picking journeys, down 50%. Payback, 1 year.
4. Picking times, down 50%. Stores labour costs, down 50%. Stock damage, down 50%. Payback, 1½ to 2 years.

If you find those persuasive, you can read 100 detailed case-histories in our "Book of 100 Answers".

And we can look at your storage and materials handling system and tell you how it can be improved, whether your company is a large corporation or a small business.

If our own products aren't the best solution, we won't recommend them.

But we should point out that Dexion make and sell a wider range of storage equipment than any other company in the world.

Who better to improve the average worker's productivity?



We'll help you make money out of thin air.

SPORT

Racing

Fort Devon's stylish win makes Gold Cup odds look tempting

By Michael Phillips

Racing Correspondent

It looks very much as though Charles Toller, Newbury's clerk of the course, had a brainwave when he decided to alter the conditions of the Compton Steeplechase, which is due to be run there on February 11, the same day as the Schweppes Gold Trophy.

Until this year it was just a bumper race for novices, now it is open to the best in the land. Already it is clear that it could develop into a full-scale dress rehearsal for the Gold Cup, with Midlight, Court, Bachelor's Hall and Fort Devon all in the line-up.

It was some time ago that Fred Winter and Peter Cundell, the respective trainers of the Court and Bachelor's Hall, each said that they viewed the Compton Steeplechase as the perfect stage for their charges to show their jumping skills to the public.

On Saturday they were joined by Fort Devon's trainer, Fulke Walwyn, who has seen his charge win the Fulwell Steeplechase at Kempton Park very easily indeed.

Now it remains to be seen whether any of the big three will opt for an easier opportunity. In his present frame of mind Walwyn will stick to his guns, and why not? After all, Fort Devon has won the Compton Steeplechase in his last two starts, and as the Compton Steeplechase is nearly five weeks before the Gold Cup the timing is perfect as far as he is concerned.

Fort Devon is clearly a clean-winded horse who needs little work. Had he been a novice he would never have been able to turn in the display that he gave on Saturday.

day even against mediocre opponents. Admittedly he had little to beat, but it was the way that he went about his business which was what he actually achieved that was so captivating. Ears pricked all the way he gave a glorious exhibition of jumping and won far more easily than the bare verdict might suggest. In my opinion he still looks a good bet to win this year's Gold Cup at 6-1.

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El in the big race if he could get a run into him first at Sandown Park.

Of the Schweppes candidates on view on Saturday, Regent's Garden impressed me the most and I would not be surprised if he ran really well at Newbury especially if the ground were to be heavy there. Yesterday Ladbroke's amended their ante-post price list which now reads: 3-1 Kybo, 10-1 Dramatis, 12-1 Pinchov, 14-1 Astro, 16-1 Nougat, Regent's Garden, Stopped and 20-1 bar those seven.

The highlight at Haydock Park was the race for the way that The Dealer won the big steeplechase. Turning into the straight his authority suddenly became apparent and he was seen to be striding the front the result was never in doubt. Like myself, Winter only watched the race on television and was disappointed to be disappointed any possibility of the Dealer even being entered for the Gold Cup this year and he said that he was not sure whether the Dealer would be his objective at Cheltenham this season.

Talking of Cheltenham, there was a fine race for the way that Doncaster next Saturday. Yesterday, Bob Tunney confirmed that Birds Nest, the current favourite for the Clouston Hurdle would definitely run in the William Hill Yorkshire Hurdle and Toby Hatching and the same about Doncaster. Now only three of the reigning champion, Night Nurse, to enter the fray with John Swales and his wife and the wares really will be humming.

STATE OF GOOD: Worcester: 1st, Teasdale Park; 2nd, Teasdale Park; 3rd, Teasdale Park; 4th, Teasdale Park; 5th, Teasdale Park; 6th, Teasdale Park; 7th, Teasdale Park; 8th, Teasdale Park; 9th, Teasdale Park; 10th, Teasdale Park; 11th, Teasdale Park; 12th, Teasdale Park; 13th, Teasdale Park; 14th, Teasdale Park; 15th, Teasdale Park; 16th, Teasdale Park; 17th, Teasdale Park; 18th, Teasdale Park; 19th, Teasdale Park; 20th, Teasdale Park; 21st, Teasdale Park; 22nd, Teasdale Park; 23rd, Teasdale Park; 24th, Teasdale Park; 25th, Teasdale Park; 26th, Teasdale Park; 27th, Teasdale Park; 28th, Teasdale Park; 29th, Teasdale Park; 30th, Teasdale Park; 31st, Teasdale Park; 32nd, Teasdale Park; 33rd, Teasdale Park; 34th, Teasdale Park; 35th, Teasdale Park; 36th, Teasdale Park; 37th, Teasdale Park; 38th, Teasdale Park; 39th, Teasdale Park; 40th, Teasdale Park; 41st, Teasdale Park; 42nd, Teasdale Park; 43rd, Teasdale Park; 44th, Teasdale Park; 45th, Teasdale Park; 46th, Teasdale Park; 47th, Teasdale Park; 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THE LIBERALS SET THEIR COURSE

Mr Steel's crushing victory at the Liberal special assembly has assured him of the right to determine the party's strategy in the election whenever it may come. There is no doubt what that strategy will be. The Liberals will seek to hold the balance of power between the main parties with the claim that only they can exercise a moderating influence. If either of the main parties has a majority on its own, the argument will be, then its extremists will become the dominating force. Only the Liberals, it will be maintained, can save the country from a left-wing Labour or a right-wing Tory government. To substantiate that claim it will be pointed out time and again how much more acceptable Labour rule has been since the Government was forced to conclude the Lib-Lab pact last March.

Whether this strategy will have much electoral appeal is a very open question. It has not done the party much good at by-elections up to now. The special assembly, which was surprisingly well attended, may have given the impression of a party that is lively and vigorous in its internal proceedings, but its public standing is low. There is no evidence of a surge of support developing that would take the party back to the position it held in 1974, and if it loses a number of seats its prospects of holding the balance of power will be negligible. Mr Steel's approach may be too subtle to go down well on the hustings. But at least it is a coherent strategy and the party will stand a better chance if it unites in pursuing it vigorously.

WHERE DOES SPAIN STOP?

The weekend in Spain was marked at one end of the kingdom by clashes between demonstrators and riot police in Pamplona, and at the other by an explosion outside a bank on the island of Tenerife. Both were a reminder that while the restoration of democracy has eased some of the tensions between Spaniards it had not solved the problem of who exactly is Spanish and who is not. Most of Spain's outlying regions believe themselves to be in some sense separate nations, and these two at least (the Basque country and the Canary Islands) contain small but violent minorities dedicated to achieving total political independence.

The Basque problem is the more serious in that the gunmen of ETA evidently still have the sympathy of at any rate a significant part of the population, at least when it comes to a head-on fight between them and the police, and this in spite of the fact that both the mainstream Basque Nationalist Party (PNV) and the president of the Basque government-in-exile have officially called on them to end the bloodshed. The PNV believes that the limited autonomy granted to the Basque country by the Government at the turn of the year represents at least

rather than going off in a number of different directions.

Had the assembly voted to end the pact immediately this strategy would have been destroyed for a number of reasons. Such a decision would have been interpreted as a vote against partnership with other parties. Liberals were understandably upset by the small number of Labour MPs who voted last month against proportional representation for the European Parliament, but this is not an issue that sets the country alight. So if the Liberals had decided in Blackpool to pull out of the pact right away, this would have been seen not as an appropriate reaction on a major issue but as a victory for those who had never liked the agreement with the Government anyway.

If withdrawal from the pact had forced an immediate election, as it might have done, then the Liberals would have had to fight it explaining not how they had prepared to cooperate with others in the future, which is the essence of the balance of power strategy—but why they had been unable to continue doing so now. If their withdrawal had not brought about an early election, and the Government had been able to keep on a moderate course with growing public approval, then the Liberals would have had an even harder job to show that it was only their influence that could make Labour rule acceptable.

As it was, the assembly voted to end the pact at Mr Steel's discretion. Neither the wording of the resolution nor the mood in the conference hall suggested

that the delegates were voting to continue it indefinitely. Yet in the closing speech of the debate Mr Steel consoled to interpret the resolution as leaving that option. It said that the agreement would probably have served its purpose by the time the Finance Bill was enacted in the summer, and Mr Steel acknowledged that it was likely to end then. But he specifically referred to the possibility of renegotiating it for a further term. He would not find it easy to carry the party with him on that course, but having effectively hijacked the assembly this weekend he may well have sufficient freedom of manoeuvre to apply his strategy in this side of an election. In any case, it is now probable that the election will be held with the pact either still in being or fresh in people's minds, having lapsed after a reasonable time without any violent rupture.

But if the Liberals are to lay a convincing claim to the balance of power they need to show that they are prepared to do a deal with the Conservatives as well as with Labour: otherwise they appear to be no more than Labour auxiliaries. It is the belief that that is precisely what the pact has made them that has done them so much electoral damage over the past year. It was not an impression that was removed at Blackpool: so often the "agreement" has been sold within the party by abusing Mrs Thatcher. The possibility of a deal with the Tories is contemplated, as it was by Mr Steel in a radio interview yesterday, but with such little enthusiasm as to suggest that it is an impossible high condition would be set.

ETA to lay down its arms, but both would help to rob it of public sympathy, which is essential if it is to be defeated.

The Canary Islands' independence movement (MPIAC) does not enjoy any public sympathy to speak of. Most Canary Islanders feel a bit remote from Madrid and hope for a degree of local autonomy but none of the parties which won any significant support in the elections called for independence, even as a long-term aim. All the opposition parties support the Government's refusal to countenance any interference in the matter by the Organization of African Unity. Geographically it is true that the islands are closer to Africa than to Europe, and they were apparently once inhabited by people of African origin. Whatever crimes may have been committed against those people in past centuries, they are no longer around to quarrel with the islands' present inhabitants, who are ethnically and linguistically Spanish. Even the Polisario guerrillas from the neighbouring ex-Spanish Sahara, also based in Algeria, refuse to have anything to do with MPIAC. By continuing to sponsor it Algeria is needlessly damaging her relations with Spain.

after twice having the question on the agenda, to commit the Labour Party to taking part in the direct elections as the Cabinet, or so much as two thirds of the Cabinet, ask Parliament to authorize. Some of Mr Foot's leading friends on the NEC want either United Kingdom withdrawal from the Community or the clear assertion of Westminster sovereignty over the European Parliament, and they have persistently blocked any attempt to settle for Labour participation in direct elections.

But on Wednesday at Transport House, for the third time of asking, the NEC will find on its agenda a proposal that the decision be taken by the Cabinet, or so much as two thirds of the Cabinet, ask Parliament to authorize. Some of Mr Foot's leading friends on the NEC want either United Kingdom withdrawal from the Community or the clear assertion of Westminster sovereignty over the European Parliament, and they have persistently blocked any attempt to settle for Labour participation in direct elections.

The circumstances are therefore, Gilbertian. If on Wednesday the NEC once again avoids a decision on European participation, perhaps (as it may) a road up now about the Bill's guillotine, then locally it will be allowing the Labour Government to carry legislation to ensure a Conservative walkover victory when direct elections come in 1979. That could scarcely be acceptable either to what is once again being called rather fancifully the natural party of government or, probably after domestic elections in the autumn, in the alternative governing party. Certainly it makes no sense to Labour's two principal and seasoned party managers outside Westminster, Mr Hayward, the general secretary, and Mr Underhill, national agent, who made a reconnaissance of the European Parliament in Luxembourg last week, and came out privately and publicly for an immediate decision to fight the direct elections.

Broadly Mr Hayward is anti-EEC and Mr Underhill pro-EEC, but they both have their jobs to do. Mr Hayward, sick by his original pre-emptive proposal to the NEC that every Labour Party member, high and low, should be free to

his own way in the 1975 referendum, but after that the majority's decision of the people should be accepted by the whole Labour Party. Mr Hayward voted "no" and Mr Foot's leading friends on the NEC stand together for EEC participation.

That is not to say they have not still a string of important questions to ask, and they are questions that "the parties in the direct election" have not asked. Today they stand together for EEC participation. And, for instance, see no sign of any study being made to provide a necessary link between members of the Westminster and European Parliaments when direct membership ends. He has no clear answer to the question on what manifesto Labour candidates would fight in European direct elections, except that it must be a British and not an international manifesto, and in Luxembourg discussions with some Labour MPs when he said that party manifestos from either the "pros" of the Labour Committee for Europe or the "antis" of Mr Douglas Jay's Safeguards Committee would likely be totally unacceptable. He first wants an objective pamphlet from the Secretary of the European Parliament and the Commission to explain what the EEC is and does, and that would be distributed by Transport House to all party workers.

Mr Underhill sees no organizational problem in fulfilling the 1979 election date if the NEC decides on participation soon. He admits that the Labour Party could not keep in being, between the quinquennial European elections, a separate party organization covering seven or eight independent Westminster seats and geared for local government and national elections. He recognizes also that European direct elections will in practice be fought by the main parties not on EEC issues but domestic political issues, and like Mr Hayward, he doubts whether Westminster-type links of communication could be maintained by directly elected European MPs and their party headquarters or their constituencies.

The fact remains that there can be no beginning of an answer to such questions until the NEC formally decides to commit the Labour Party to fighting the direct elections. A Labour Government is inevitable for, but at all times, in spite of the evidence, ears should not be closed to Labour's protest that it is the Opposition who carry responsibility for delaying direct elections. A second child's guide would be needed to explain how that proposition is arrived at.

Control of V & A Museum

From Mr Cyril Cooper and others

Sir, As representatives of the staff referred to in the letter of Lords Gibson and Goodman (January 19), we write to say that within our certain knowledge, the staff of the Victoria and Albert Museum and Science Museum, are not disturbed by their historic position in the Department of Education and Science.

They are disappointed and angry that they were discriminated against by the application of cuts in the Civil Service as a whole, and they were shocked, especially in the Victoria and Albert Museum, at the method adopted by the local management to meet the required reduction. Indeed, the staff suggested various methods of meeting these cuts that would have enabled the Victoria and Albert Museum to remain open six and a half days a week. These proposals were rejected by local management.

On the other hand, our members are by no means convinced that the answer lies in increased autonomy for local management, with or without the supervision of appointed Trustees. There are many questions to be asked and answered, many assumptions to be given, and improvements in conditions of service to be granted, before the staff will share the enthusiasm of your correspondence for devolution.

Yours faithfully,
CYRIL COOPER, Institution of Professional Civil Servants.
NORMAN ELLIS, Association of First Division Civil Servants.
JOHN SHELTON, Civil Service Union.
Northumberland Street, WC2.
January 20.

From the President of the Royal Academy

Sir, Eager as always to poke my nose into other people's business, I would be interested to know what possible reason exists for not letting the Victoria and Albert Museum join its colleagues in Trustees' land, as is a similar suggestion in your columns (January 19) by Lords Goodman and Gibson.

Yours faithfully,
HUGH CASSON,
Royal Academy of Arts,
Piccadilly, W1.
January 20.

From the Chairman of the National Art Collections Fund

Sir, This year the National Art Collections Fund is celebrating its 75th Anniversary. During the Fund's existence the Victoria and Albert Museum has acquired over 2,000 objects, which have either been purchased with our aid, or presented through us by our supporters. The number of items would be far greater if I had not counted a "collection" as scoring only one, when the number of items in it was unspecified. The Fund has helped the Museum to build up its collections, particularly its sculpture collection in which, to take only Italy, some of the greatest works by Pisanò, Donatello, Agostino di Duccio, Mino da Fiesole, Sansovino, Verrocchio, Bologna, Algardi, Bernini, Brontino, and Canova, have been acquired with grants from the Fund.

I have read with increasing concern of the difficulties of the V & A, and of the possibility that part of the Museum may have to be closed through shortage of funds. The NACF is unable to see the works of art that they have presented.

It seems tragic that at a time when there are more visitors to museums than ever before (21 million last year) that the V & A should be prevented from showing the greatest possible advantage of this surge of interest in the arts.

The proposal put forward recently, and so strongly supported in your columns (January 19) by Lord Goodman and Lord Gibson, that the control of the Museum should be transferred to an independent body of Trustees appointed by the Government, offers a solution to the problem which will surely recommend itself to all those concerned with the future of this great museum.

Yours faithfully,
BRINLEY FORD, Chairman,
National Art Collections Fund,
14 Wyndham Place, W1.
January 20.

Irish self determination

From Mr James Stevens Curl

Sir, Dr Bonar (The Times, January 17) states that the "island of Ireland has historically been one nation". It would be interesting to know the sources for his statement. The facts are that the great topographical variety of Ireland has encouraged different groups to exist on the same island, so that historically, political fragmentation, internal wars, and disorder were the realities. The remote Glens of Antrim, for example, had more cultural and commercial contacts with the Western Isles of Scotland than with the rest of Ireland, and were for a time part of Dalriada politically, probably because the main form of travel was by sea. This cultural connexion is proved by archaeological facts and by what we know of the survival of a Gaelic in the nineteenth century that was more akin to the language of Islay than to the toogues of the West.

Other areas in Ireland were similarly remote from a concept of a united nation. The subdivision of Ireland, culturally, politically, and factually, owes more to geography and physical realities than to the English Crown. However, in Ireland, myth is more important than history, and the romantic glow of a unity is Irishness derives from eighteenth century Jacobinism and Celtic gloom rather than from the battered truths of real, hard, and unromantic facts. I am, Sir, Your obedient servant,
JAMES STEVENS CURL,
Chapside Farm,
Harpden Road,
St Albans,
Hertfordshire.

LETTERS TO THE EDITOR

The Churches and racial issues

From Miss Pauline M. Webb and Mr Jeremy Hawthorn

Sir, To anyone aware of the increasing attention being given by Christians in racial issues, Ronald Butt's article (The Times, January 19) on immigration and the churches' response to racism must rank among the less informed criticisms of their activities.

The Catholic Commission for Racial Justice is quite capable of defending itself against the accusation of discriminating left wing propaganda rather than Catholicism. But even an outsider can see the affront to the integrity of the bishops whom they advise. If Cardinal Hume is being influenced by the views of a few laymen to insinuate that this is due to their theological merit.

Other church bodies are also covered by this blanket attack on "race-relating missionaries", and the Bishop of Truro's wise moderation is preferred to the impudence of those more active in the field. To this it must be said very simply that these more articulate campaigners are only communicating some of the frustrations that exist among immigrant communities. It is not a case of strict up trouble in a "calm nation", but rather of representing the view of British society held by many of its poorest members.

But more than this, there is an overriding desire to present without compromise the challenge of the Gospel to our way of life, and to work for a society in which people of different races are accepted as part of the human family. When Christians become concerned for the insecurely caused by the immigrant, they are not being racist, but rather, discrimination, it is quite insensitive to dismiss them as mere agitators.

The Bishop of Liverpool introduced a pamphlet of the British Council of Churches on race relations with the admonition that the sense of national unity we long for lies on the far side of tackling this issue. One can feel that Ronald Butt would be the one in benefit from the retreat and self examination that he so warmly recommends to those who share this opinion.

Yours sincerely,
PAULINE M. WEBB, Chairman,
JEREMY HAWTHORN,
Community and Race Relations Unit,
2 Eaton Gate, SW1.
January 20.

From Mrs Cynthia Bunten, and others

Sir, We are sorry that Ronald Butt in his article today (January 19) disagrees so fundamentally with our statement on the Judge McKinnon affair, dismissing the Commission as a "pseudo-religious" body and our views as "nothing to do with Catholicism" and "simply left wing propaganda". The Catholic Commission for Racial Justice advises the Catholic hierarchy, makes representations to the Government and others, and informs the Catholic Church on race and community relations. Its aim is to promote racial justice for ethnic minorities and inter-racial understanding.

Anyone who is in touch with the feelings of the black community knows how greatly Judge McKinnon's remarks shook their confidence in the British legal system. What seems to us remarkable about the statement made by McKinnon and subsequently by Ronald Butt and Norman St John-Stevens, is their apparent ignorance of the feelings of black communities in this country. It is the complacency of such people, who turn a blind eye to injustices suffered by minority groups, that "exacerbates discontent in the immigrant community", not those who speak up on their behalf, as Ronald Butt contends.

Spina bifida children

From Dr R. V. Reid

Sir, In your letter of January 12 Sir John Peel leads himself to the conclusion that where delicate decisions have to be made which concern the individual, too much public debate makes matters more confused. But now does Sir John believe that those making these delicate decisions should acquire the information on which to base their judgments?

The major decisions affecting the life of a spina bifida child must be made by the parents, sometimes in the period shortly after the birth of their baby. In some cases, after a brief discussion with a consultant, serious conclusions are reached within hours of the birth, when the mother is still suffering from the physical and emotional shock of the father has missed a night's sleep. In these shocked conditions neither parent is capable of arriving at rational decisions.

The best time for most people to consider medical and moral matters of this nature is of course before personal involvement complicates the issue. But since the medical treatment rather than inform the public, the task of passing on medical information falls chiefly to the press, radio and television. However, whenever the media deal with difficult and contentious issues—such as whether or not to treat a new-born spina bifida child—what is now almost inevitable that whatever the medical matter, senior members of the profession in the

columns of their learned journals and elsewhere suggest that the subject has been mishandled and that there are certain important matters touching on both medicine and ethics which cannot properly be dealt with except in esoteric medical journals.

How often is the cry heard that an article or a programme, even though factually correct, will do more harm than good? And how often is it written (in the correspondence columns) that a controversial research, diagnosis and treatment, which has not been exhaustively assessed by the medical profession should not be placed before the public because it might raise false hopes?

Sadly, it is attitudes like these which preserve ignorance. Medicine, of all sciences, is very easily expressed in lay language and the lay public, whatever that is, is actually rather good at making its own judgments. The medical criteria such as those used to determine whether or not to treat a spina bifida child, can easily be made understandable by common sense. However, until the media, but influential caucus of the medical profession, however well intentioned, strong mistrusting the ability of the public to understand certain issues, then that public never will find itself in a position to contribute to medico-ethical judgments which are its proper concern.

Yours faithfully,
ROBERT REID,
22 Colet Gardens, W14.
January 12.

From Mrs Katherine Thwaites

Sir, Ronald Butt's timely article (January 19) on the dangers of listening to the left draws attention to a most dangerous weapon and one, in which the left largely deals, that of high minded waffle. The technique is to frame the argument in such a way as to make it difficult for an ingenious person to refute it without appearing as in some sense uncharitable. By this means church leaders, among others, can be inveigled into condemning practically anything, provided it has been cleverly constructed (and it has been marked "racism", because not to do so would be to imply that they are in favour of racism. Thus if a Judge is said, however absurdly, to have "shown quite clearly that his sympathies are not with the immigrant communities" it is difficult to defend him without risk of being tarred with the same brush. Those who concentrate on personal abuse need do so because positive evidence is in short supply. It is therefore necessary to recognize that we are not called upon to judge other people's motives and attitudes, about which we cannot in any case be certain, but their actions in so far as they are unjust and their words in so far as they are untrue.

Perhaps also it would be wise to attend to the injustice of man to man rather than allowing ourselves to be brainwashed into thinking especially of "justice" between two particular kinds of men—viz the black kind and the white kind. Indeed, there is a danger of some of us becoming so conditioned to see things in black and white that we are quite unable to see red. Yours faithfully,
KATHERINE THWAITES,
The Old House,
Westfield College,
Hampstead, NW3.
January 19.

columns of their learned journals and elsewhere suggest that the subject has been mishandled and that there are certain important matters touching on both medicine and ethics which cannot properly be dealt with except in esoteric medical journals.

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Yours faithfully,
ROBERT REID,
22 Colet Gardens, W14.
January 12.

Changing how we vote

From Canon C. R. Sansbury

Sir, It was ironic that a letter from Sir Anthony Bowlby and others (January 17) distinguished in industrial relations, arguing that elsewhere in Europe proportional representation prevented polarisation in society and led to better relations between "both sides of the industry" should have appeared alongside a leading article entitled "Dead end in Italy". The causes of Italy's weakness may be complex but the system of election cannot be altogether ruled out. The leader, giving convincing evidence of the usual deficiencies of proportional representation to which its critics point, weak coalitions when you

Inducements to confess

From Mr E. C. Woodcock

Sir, It is clearly right that the law should not allow evidence to be given of confessions which are shown to have been induced by the promise of advantage to the defendant and which may therefore be false.

That this excellent principle is in danger of descending into absurdity is, surely illustrated by your report of the trial at Stareybrook Crown Court on January 17 in which a confession was ruled inadmissible after a social worker in the presence of the interrogating officer had said to the defendant: "Do not admit anything you have not done. But it is always the best policy to be honest. If you were all the time, tell the officers about it."

It would be wrong to draw general principles from the occasional abbreviated newspaper reports of this case in isolation but the learned judge in ruling against the confession was following his own no doubt obliged to a growing list of authorities with a similar effect. Other examples of comments in the course of interrogation which have each caused a subsequent confession to be ruled inadmissible are: "You had better tell the truth"; "I think it would be better if you made a statement and told me exactly what happened"; "It might be better for you to tell the truth and not a lie"; and "You had better tell the truth it may be better for you."

It would be helpful for an appeal court soon to look at the question of what should be regarded as an improper inducement. A possible starting point might be to ask whether it is indeed better for a person being asked questions by a police officer to tell the truth. If it is, surely it must be right to tell him so. If it is not, we are in trouble.

Yours faithfully,
E. C. WOODCOCK,
Chief Prosecuting Solicitor,
Crestbury Headquarters,
Chester.
January 18.

Putting a stop to hijacking

From Mr David L. Porris

Sir, Until now air travellers have run the risk of being held to ransom. When the British Government's plans for a security levy are implemented, everyone will be held to ransom.

It is accepted that the Government is responsible for the safety of its citizens on the ground. By virtue of what principle should this cease to be the case in the air? Surely hijacked air passengers are victims, and it is patently unjust to require them to pay a ransom. Passengers can no more be said to cause kidnapping than the rich can be said to cause theft.

The prospect of the principle embodied in the security levy plan being extended is horrifying. For example, would we countenance the notion of a ransom in a high crime area being forced to pay protection money?

Yours truly,
DAVID L. PARRIS,
Trinity College,
University of Dublin,
Dublin.

Britain's 'lie factory'

From Air Chief Marshal Sir Christopher Foxley-Norris

Sir, I read with interest that Father Robert Graham is about to attack the British media in a book about the "unlawful and amoral anti-Christian and atheistic regime during World War II—an objective whose desirability he would presumably endorse.

I wonder if he has paused to reflect whether he would have been so free to criticize the means had the aim not been achieved?

Yours, etc.,
CHRISTOPHER FOXLEY-NORRIS,
Tumble Wood,
Northwood Common,
Hendon-on-Thames,
Oxfordshire.
January 19.

Licensing photocopying

From Mr Martin Goff

Sir, The Master of Emmanuel College makes a very important point (January 16) when he highlights the dangers of photocopying leading to non-publication of important monographs. There is another aspect of this problem. It is common with many people, much of my education was received accidentally through looking at reference works. Wishing to consult a dictionary for one word, I learnt three or four others in the process. I was advised to read one essay, I chance upon a second or third in the same book which greatly contributed to my knowledge, and understanding of the subject.

To a public lecture George Steiner described how he went into a bookshop "for the book I did know I wanted". To the same student brought up on photocopies of single items and articles will never benefit from the vast amount of intellectual information and pleasure that comes from handling the whole book.

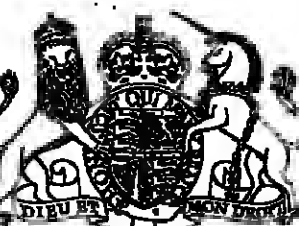
Yours faithfully,
MARTIN GOFF, Director,
The National Book League,
7 Alderman Street, W1.
January 18.

Vicarial bounds

From Mr D. I. Carter

Sir, I see from The Times of January 14 that the appointment has been announced of the vicar of Upton Snodsbury with Broughton, Hackett and Naunton Beauchamp and Grafton Flyton with North Piddle, and Flyton Flavel.

Is this, Sir, a record? Yours faithfully,
D. I. CARTER,
40 chemin des Coudriers,
1269 Geneva,
Switzerland.
January 16.



COURT CIRCULAR

JANDRINGHAM
January 21: The Duke of Edinburgh was represented by the Lord Cameron at the Jandringham Service for Sir Hugh Gibson which was held at St. John's Cathedral, Edinburgh, today. (January 22: Divine Service was held in Jandringham Church this morning.)

The sermon was preached by the Bishop of Bath and Wells.

The Duke of Kent will dine with a senior officer of the Royal Air Force at the Constabulary Headquarters on February 28.

The Duchess of Kent will attend musical play to aid of the Order of Christian Unity at the Mermaid Theatre on February 16.

Birthdays today

Mr Denning, 79; the Hon Hugh Fraser, MP, 60; Air Commodore W. Gifford, 71; Sir Arthur Lewis, 63; Sir James Lightfoot, 63; Judge F. Marston, 70; Mr Airey Neave, MP, 62; Lord Rathcormack, 54; Sir Austin Rutt, 75.

Today's engagements

The Duke of Gloucester attends centenary dinner of National Federation of Building Trades Employers, Guildhall, 7.15.

Mr. P. R. W. Clarke and Miss V. C. Pike will be married at the Church of St. John the Evangelist, 10.30.

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Dinner

The Old Kellie Club's annual dinner and general meeting is held at the Kellie Club, 10.30.

The Duke of Gloucester attends centenary dinner of National Federation of Building Trades Employers, Guildhall, 7.15.

Service dinner

Officers of the Essex Army Cadet Force held their annual dinner at 10.30.

The Duke of Gloucester attends centenary dinner of National Federation of Building Trades Employers, Guildhall, 7.15.

Latest appointments

Mr. P. R. W. Clarke and Miss V. C. Pike will be married at the Church of St. John the Evangelist, 10.30.

The Duke of Gloucester attends centenary dinner of National Federation of Building Trades Employers, Guildhall, 7.15.

50,000 winner

A weekly £50,000 Premium Savings Bond prize, announced today, was won by 1 V 971083.

The Duke of Gloucester attends centenary dinner of National Federation of Building Trades Employers, Guildhall, 7.15.

Poetry gift to Bodleian

Oxford University has accepted a gift for the Bodleian Library of a collection of first and early editions of the works of John Dryden, the Elizabethan poet.

The Duke of Gloucester attends centenary dinner of National Federation of Building Trades Employers, Guildhall, 7.15.

Memorial services

Services for Sir Hugh Gibson, Chancellor of Edinburgh University, were held at St. John's Cathedral, Edinburgh, today.

The Duke of Gloucester attends centenary dinner of National Federation of Building Trades Employers, Guildhall, 7.15.

Apprehension in week of prayer for unity

By Clifford Longley
Religious Affairs Correspondent

This is the time of year when the Christian denominations of Britain make more than their usual efforts to be friendly towards one another, with churches throughout the land ringing with the sound of mutual praises and shared hopes. But the Week of Prayer for Christian Unity this year is marked by a certain apprehension.

In spite of all the joint services and the ecumenical optimism they generate, the church unity movement is coming into a stormy period. The ecumenical chessboard is now so complicated that only the experts really understand it, and it would not be surprising if ordinary church members felt they were being expected to participate in a game with secret rules. That leads to a sense of enmity, and if 1978 goes badly, the stage is set for a wave of reaction and cynicism.

This year will probably seal the fate of the present attempts to promote unity between the Church of England and the Free Churches. The 10 propositions of the Churches' Unity Commission, and by the end of 1978 it will be clear whether that particular piece of bridge building is to stand or fall.

If the Church of England can be persuaded to endorse the propositions, some form of eventual union with Methodism will be almost inevitable, and with the United Reformed

Church (URC), highly likely. If it cannot, feeling in the Methodist community and particularly in its leadership will harden.

The talk is of the 10 propositions as the Church of England's last chance of a reversal in that direction; they did, after all, help to draft the propositions in the first place. It is too fanciful to suppose that that is a Machiavellian trap to drive a permanent wedge between Rome and Canterbury in the interests of Roman Catholic exclusiveness and expansionism. The propositions are not a last-day "Papal plot", though some Anglicans sometimes talk as if they feared they were.

On a sober assessment, a real breakthrough such as full mutual recognition and intercommunion between the Church of England and the Free Churches is probably still a generation away. If the Church of England decides to ordain women in November it will be at least two generations away. Rome, which has been thinking of such things for many years, is not likely to be discouraged by such a time scale.

In that perspective, immediate rapprochement between the Church of England and the Free Churches can be seen as part of the grand jigsaw of church unity, and there is therefore no conflict at present for the Church of England between the Roman and the Free Church directions.

The historic quarrels which led to the rise of nonconformity in England have all but spent their force, and any continuation

of the split between Anglicanism and its dissenting offshoots will be understood from the Free Church side as intolerance.

Methodist leaders deride the common Anglican conviction that the Free Churches are all but finished, and therefore must accept any terms for unity that are offered if they are to survive.

Part of all that may be the unconscious preparation of psychological defences against another disappointment. The Free Churches are still totally committed to the idea that unity is God's will. They were originally rejected, or were originally rejected by the Anglican ecclesiastical system of the time; and circumstances have changed so much that they no longer feel that their particular insights and traditions are threatened by the system as it is.

That being so, their objections to participation in some kind of a national church no longer arise, even one whose leaders are called bishops.

It is precisely that kind of thinking, sometimes described as vague good will, that causes most worry in the Church of England: the feeling that Free Church leaders do not really care about the structure and shape of the church as long as it is open to unity with their cherished practices.

It is not mere Establishment arrogance to wince when they feel they are being told, in effect: "Yes, yes; anything you say, if it pleases you, it does not really matter."

Charles Richards, Welsh Guards, son of Mr and Mrs R. Richards, and Miss Serena Spencer, daughter of Major and Mrs Peter Spencer. The bride, who was given in marriage by her father, was attended by the Hon Charles and Mrs. Richards, and the bridesmaids were Mrs. Richard, Mrs. Spencer, and Mrs. Wood.

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Fortcoming marriages

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Marriages

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Parliamentary notices

House of Commons
Today at 2.30: Debate on agriculture, motion to be moved by Mr. G. G. Brown.

The Duke of Gloucester attends centenary dinner of National Federation of Building Trades Employers, Guildhall, 7.15.

Mr Herbert Sutcliffe

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OBITUARY

LIEUTENANT-GENERAL SIR OLIVER LEESE

Eventful command of Eighth Army

Lieutenant-General Sir Oliver Leese, KCB, CBE, DSO, who died yesterday at the age of 83, was one of the most successful and most rapidly promoted of the younger officers who reached high command during the Second World War. At its outset and during the first six or seven months he was a GSO 1 at the Staff College, Quetta. In 1941 he was promoted to the rank of Major-General. Later he was Commander of the 1st Airborne Division, and finally Major-General.



The Polish Commander-in-Chief, the highest Polish military award, the Cross of Virtuti Militari.

Eventful as was Leese's command of the Eighth Army, it was destined to be short. He was transferred to the command of the 11th Army Group in the Far East, arriving at Kandy to take up his new post on November 12. He was fortunate in assuming it at a moment when complete ascendancy was passing into the hands of the British and their allies in Burma, but that left his imprint on the theatre of operations which resulted in the recapture of Mandalay, the final clearance of Northern Burma, and the strategic envelopment of a large Japanese force, there is little doubt.

A curious episode in Leese's career when he was in the Indian Land Forces in SE Asia is described in a book entitled *Slim, the Standard Bearer* by Mr Ronald Lewin which was published in 1976. In a chapter entitled "A little local disturbance" the author examines the appearance of an attempt by Leese to sack General Slim, triumphant leader of the 14th Army, and replace him by General Christison. Leese denied any such motive, though admitting that he had erred in his handling of certain matters which led to a misunderstanding of his motives.

Some of the highest military figures, Alanbrooke, CIGS, and Lord Mountbatten, were involved in the episode, which was Leese's suggested changes in the command structure. The outcome was swift; Slim remained with 14th Army and soon replaced Leese who came home to become GOC-in-C Eastern Command.

Leese retired from the Army in 1946. He took up many public duties in Shropshire and elsewhere and became well-known as a grocer of tact and other succulents. He had been Lieutenant of the Tower of London, president of the MCC, president of Warwickshire and Shropshire Cricket Clubs, president of the British Legion and a former chairman of the Old Etonian Association.

Leese was a big, powerful man, of vast physical energy, who always retained something of the ebullience of the schoolboy. His temper was high, but he was essentially just and considerate, making big demands on his troops in action but none the less careful of their comfort and welfare.

He married in 1933 Margaret Alice, only daughter of Cuthbert Leicester-Warren. She died in 1964. There were no children of the marriage.

in the lead almost all the way. The Ninth Army. They took part in the battles of the Alamein line and fought their way into Tunisia. In July, 1943, they landed in Sicily and penetrated along the eastern side of the island past Catania to Mount Etna and finally Messina.

At the end of December Lieutenant-General Leese was selected to succeed General Montgomery in command of the Eighth Army. It was from the psychological point of view a difficult situation for him, since he had not the qualities which made the name of his predecessor a household word among the troops and indeed all over the world. He did, however, possess a strong personality in which tolerance was allied with strength of determination, and a keen sense of discipline, and as a commander he was soon to prove himself second to none. In the following spring the bulk of his forces were swiftly and severely transferred from the Adriatic to the Tyrrhenian side of the Apennines to aid the Fifth Army in smashing the enemy's defences on the Cassino hills and the Garigliano.

The battle which followed was one of the few of which it can be said that it was entirely to plan, as Leese revealed in later home. It led to a heavy defeat of the enemy, followed by a swift advance to Rome and onwards to the Apennines to break the so-called Gothic Line, and push on to Rimini and Ravenna. The army commander was promoted substantive Lieutenant-General on July 31, 1944. He had received the temporary rank of Lieutenant-General, he went out to the Middle East to take over command of the 30th Corps in the Eighth Army, in time for the Battle of El Alamein. In this battle he distinguished himself, and the troops under his command were

Mr Herbert Sutcliffe, one of the famous cricketers of his time, has died at the age of 83.

From Hirst, Rhodes and Jackson to Leyland and Hutton, Yorkshire has always provided England with cricketers back-bone and at no time was the old saying, "When Yorkshire is strong, England is strong", so true as when Herbert Sutcliffe stood, in the words of his autobiography, "For England and Yorkshire". His playing career spanned almost exactly the period between the two world wars and by any standard his figures were massive. In all, he scored over 50,000 runs, including 149 centuries. His England caps were 54, though he was seldom seen to wear one, and of his 16 Test hundreds, half were taken off Australian bowling. In each of 21 home seasons and on three tours he made his thousand runs, a dozen times 2,000 and three times 3,000. Four times he scored two hundreds in a match and twice four successive hundreds. His records flowed on like the heaviest of a generous millionaire.

He was born on November 24, 1894, in Pudsey, the West Riding hometown of his predecessor John Tunnicliffe, and his eminent successor, Sir Leonard Hutton. In his teens he caught the eye of the Yorkshire authorities and had already made an appearance or two for the county's second eleven when the First World War broke out. He enlisted in the Sherwood Foresters and later, after a year in the army, he returned to his cricketing career. In the first post-war season Yorkshire called on him at once and after an attractive innings in the first game against MCC at Lord's, he found himself in possession of his county's batting post. By the end of the summer he had established himself so firmly that he was named as one of Wisden's Cricketers of the Year.

Each season saw him steadily advancing and his first 2,000 runs came in 1922. Two years later his selection for England against South Africa marked the beginning of his long association with Sir Jack Hobbs, the most impressive and prolific partnership in English batting history. Their first stand produced 136 runs, the second 268 and the third 72. This initial success brought Sutcliffe an invitation to tour Australia where, though the rubber was lost, his personal performance was magnificent, producing four successive hundreds and a Test average of over 80.

With that gayest of good companions, Percy Holmes, he broke virtually every Yorkshire batting record. Their century partnership numbered 69 for Yorkshire (74 in all) and their highest was the record-breaking 555, scored at Leyton in 1932, a rate of 74 runs an hour.

This was Sutcliffe's richest season, bringing him 3,336 runs and keeping him at the head of the first class averages, a place he had held in 1928 and 1931. His three-figure partnerships with Hobbs totalled 26, of which 15 were made in Yorkshire. The understanding which inspired their almost uncanny running

MR HERBERT SUTCLIFFE



In hideous conditions the two Englishmen fought their way to a total of 105, when Hobbs was out, and afterwards Sutcliffe went serenely on to take his individual score to 135, bringing England within sight of victory.

Sutcliffe's success sprang from his personal character based on tenacious courage and unshakable concentration. In an age when bat-dominated ball was among the giants; Hobbs, Hammond, Bradman and Woodfull at one end and Hutton, his own disciple, at the other. Though his own short of the consummate artistry of Hobbs or the sheer brilliance of Hammond, he was a handsome batsman with an armoury of powerful on-side strokes and a defence that was a howler of swiftness, as he judged the situation, and once, with Leyland, hit 102 off six overs against Essex.

As a mark of respect to his famous England first-wicket partner, Sutcliffe named his son, who was later to captain Yorkshire himself, William Herbert Hobbs Sutcliffe, wife, Emily, died in 1974.

His appearance at the crease, from elegant bushy boots to perfectly smooth black hair, was as immaculate as his defence. His quiet voice masked a tremendous combativeness. Congratulated on his superb innings at the Oval in 1928, he replied: "I'm not a batsman, I'm a dog fight." And after his equally valiant effort at Melbourne, Sir Jack Hobbs observed: "There was Herbert, black and blue, and not a hair out of place." Under the harshest of stresses, he was unruffled and unbreakable.

It was once said of Yorkshire's opening batsmen that, while Holmes looked as if he was a batsman, Sutcliffe had the air of an alderman about to lay a foundation stone. There was truth in the jest, for a characteristic of Sutcliffe formed the foundation of his batting post. Under the harshest of stresses, he was unruffled and unbreakable.

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Sutcliffe in his heyday

between wickets—daring, but safe—was foreshadowed in the days when Rhodes was Hobbs' pre-war partner and was brought to perfection with Sutcliffe's intelligent cooperation. Of their combined exploits two at least are outstanding. In the Test of 1926, when the rubber still undecided, England began their second innings 22 runs behind. In poor evening light Hobbs and Sutcliffe scored 49, but a misunderstanding in the night made the morning's pitch at first dead and then as the sun came out, vied treacherously. If either Hobbs or Sutcliffe had succumbed, England could have been out for a hundred. As it was, the pair batted manfully, adding 112 by lunchtime and after Hobbs had been bowled for exactly 100, Sutcliffe stayed till the last over of the day. His share was 161 and the morning's pitch at first dead and then as the sun came out, vied treacherously. If either Hobbs or Sutcliffe had succumbed, England could have been out for a hundred. 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Energy and economies top agenda in Congress

Congress's new session faces a stormy and hectic passage. Congressmen have flocked back to the nation's capital to start work on the new session's agenda of bills dealing with economic affairs. Only the most important items of legislation are likely to be considered, with all others rudely thrust aside.

This is an election year and the Congressmen want to spend as much time as they can in their districts campaigning. They will have no time in Washington to deal with issues that might be viewed as being of secondary importance, such as a restructuring of bank regulations, a full-scale reorganization of the tax system and a further capital increase for the World Bank.

Sanctions threat over haulage pay

Tokyo round trade talks enter decisive stage today

From Peter Norman
Bonn, Jan 22

West Germany's Government is seeking a better insight into the foreign activities of the banks in order to forestall these could harbour risks for the German banking system.

First talks have taken place between representatives of the banks and the Bonn Government on arranging some form of "gentlemen's agreement" which would give the German authorities more details.

Although there appears to be no pressing need for action against the five big international banks, the Federal Reserve Bank, Frankfurt, and the Supervisory Office for the Banking Industry in Berlin have become increasingly

US inquiry into alleged British steel dumping

National Savings net intake at high level

SE report ready on Sandelson

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activities of the banks' subsidiaries abroad, particularly:

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MANAGEMENT

Over the past four years company finance directors, personnel managers and pension fund administrators have been hard-pressed by a huge weight of paper from the Government, the Occupational Pensions Board, pension consultants and insurance companies about the future of the state and private pension schemes.

What has been in short supply among all this erudite and occasionally incomprehensible reading matter is a class of information that these finance directors and pension fund administrators would dearly like to have: what are the pension schemes of other companies like, be they competitors or not?

Now, the national Association of Pension Funds has once again come to the rescue with its latest survey of occupational pension schemes published last week. It is the third NAPF survey and, like its predecessors, it ranges over all aspects of pension fund activity from investment policy and contribution levels to basic pension and fringe retirement benefits.

Unfortunately, the survey has not been able to cover every question which companies would like to have seen answered. Instead, it has what appears to be a 1973 edition which is already being planned.

It is hoped in this to include sections on such matters as membership participation in the management of pension schemes, on the use of

nominee holdings and the exercise of share-voting rights by pension funds; and on decisions that have been made on the new state earnings-related pension scheme.

As to the less heady delights of the 1977 survey, it is interesting to see the difference in response it has compared with the 1976 one. The latest survey produced 857 replies, compared with 797 the previous year, but the number of scheme members covered were fewer at 3.2 million against four million in 1976. In fact, 63 per cent of the schemes in the present survey had fewer than 1,000 members, compared with 54 per cent in 1976.

Has the switch of emphasis in the sample made much difference to the quality of the schemes under review, bearing in mind the common assumption that it is the larger private ones which lead the field in respect of the most attractive and generous pension schemes?

Pensions: the value of knowing what other schemes are doing

In the event, the results of the 1976 and 1977 surveys do not show any such discrepancy. Although the sample base has changed, the two surveys are surprisingly similar in respect of pension scheme design.

To some extent this must reflect the rather static situation in which the pensions industry has been for the past two years. The freedom of scheme administrators was severely restricted by phases one and two of the pay policy, which prohibited any improvement in scheme facilities and benefits other than to bring them up to the minimum standard required for contracting out.

How good are the pension schemes covered? It depends on the definition of "good", of course, but there are some commonly held yardsticks. One of the most important is the "fraction" of pay used for cal-

culating in final pensions salary schemes (which account for nearly 80 per cent of the survey sample).

Sixtieths are generally held to be good—the state earnings-related scheme uses eightieths—and fortieths very good. In the present survey 62 per cent of schemes were based on sixtieths and 12 per cent were better still.

"Final salary" itself has a wide definition in pensions parlance. While most employees tend to think that it means the salary they are earning when they collect their gold watch, it is not the case at all. In fact, the survey shows that the most common definition of "final salary" is "average salary over the best three consecutive years ending in the last 10 years".

From the point of view of members, another pension scheme feature deemed to be of great importance is the level and frequency of pension increases in retirement. Here

the survey provides only partially comforting information. True, 35 per cent of schemes gave automatic increases and 44 per cent gave non-automatic increases in pension—but the rate of increase is most commonly between 3 and 4 per cent.

What about increases linked to increases in the retail price index? Only 6 per cent of schemes provided this. The survey also showed that it was the larger, rather than smaller, schemes which are more likely to produce some increase in pension.

The replies in the survey on death in service benefits shows that 62 per cent of schemes provide a widow's pension and 89 per cent a lump sum as well. The most common level for a lump sum benefit is between two and two and a half times salary, compared with the Inland Revenue maximum of four times salary.

The other dependency provisions covered include children's benefits, which is provided by 57 per cent of all schemes either as a right or on a discretionary basis, and widower's benefit. However, the widower is completely ignored by 86 per cent of all schemes.

Margaret Stone
Survey of Occupational Pension Schemes—1977. Published by the National Association of Pension Funds, 2175 members; £3.50 non-members.

Small construction groups build up their overseas markets

Inevitably, the pressures this sort of expenditure (establishing a presence abroad) imposes on a smaller company are great. Large companies can afford to bide their time; smaller ones cannot afford to wait long for returns.

Last year British building and civil engineering companies won new overseas contracts worth £1,700m, an increase of £33m over the previous year. They had, it was quickly explained to the Government, which provides itself with the industry's efforts, made a virtue out of necessity.

Slackness in the home market had virtually forced companies to seek work abroad. Indeed, between financial years 1972-73 and 1976-77 overseas new orders increased from £346m to £1,700m, while home new orders have grown only £1,548m from £5,481m to £7,029m.

This means that while home orders grew by 28 per cent, overseas growth has been almost 330 per cent. It was, nevertheless, a fine performance in the face of stiffening competition—the more so because for the first time there were indications that the new orders were not confined to the larger companies, like Costain, Taylor Woodrow and Wimpey, who have long-established overseas divisions and reputations. Small and medium-size companies, probably those most squeezed by the recession, captured contracts too.

In the financial year 1975-76 more than 95 per cent of contracts by value went to 20 companies, and 73 per cent to a mere six. Last year, the share taken by companies from outside the top 20 increased to 30 per cent.

The strenuous efforts taken by the smaller companies to take risks they encounter and the difficulties they face are well

illustrated by the experience of Lovell Stewart International. The company was formed in December, 1975, an amalgamation between Y. J. Lovell (Holdings), a public company of some 200 years standing, and an annual turnover of £45m, and Kyle Stewart (Contractors), a private company formed in the 1950s with a turnover now of £35m.

The company is now working on two contracts, together worth about £7m, in Nigeria. It is regarded as one of the more difficult markets in which to operate—and is seeking work in Dubai, where it is also setting up a joint company with a local contractor.

Mr. Eric Vassar, managing director of Lovell Stewart, explained that Kyle Stewart began to look overseas early in 1975, when it foresaw a shortening of its home order book. A team of four was sent to Nigeria to carry out a six-week pilot study.

"The prospects looked good, but we realized that with a turnover of £35m we lacked the financial muscle to come to providing bonds and guarantees, for instance—to go

in unprotected". Lovell, meanwhile, was looking at the Middle East market and coming to similar conclusions. After a series of discussions, sparked by an approach by Mr. Vassar to a friend, Lovell, the directors decided to pool efforts on a long-term basis to seek work overseas, while continuing to compete in British markets. The amalgamation was fifty-fifty.

Lovell Stewart International decided to concentrate its efforts in Nigeria. Inauspiciously, bonds were shaken on the deal on the day General Gowon was deposed. After further exploratory work, local partners were found and Lovell Stewart (Nigeria) formed in Ikeja. The Nigerians took 40 per cent of the equity.

The next nine months were spent securing the necessary documentation and legal instruments before Lovell Stewart picked up its first contract, a £450,000 extension for the Wellcome Foundation. The next contracts—£4m worth of aircraft hangars for the federal ministry of defence and further work for the Wellcome

Foundation valued at 31m—began recently. During this time Lovell Stewart submitted more than 50 unsuccessful tenders. The success rate in Britain is closer to one in 10.

The "entrance fee" to Nigeria was high. Mr. Vassar estimates that "many thousands of pounds" was spent merely on establishing the company there. The cost of keeping one expatriate in Nigeria is about £40,000 a year. Inevitably, the pressures this sort of expenditure imposes on a smaller company are great. Large companies can afford to bide their time; smaller ones cannot afford to wait long for returns. The danger is that the latter chase contracts at potentially disastrous prices, if only to establish a track record.

"We were determined not to do this," Mr. Vassar explained. "Our intention has always been to build the operation slowly. You cannot hope to rush in and pick up large contracts."

Having waited almost two years to pick up the right contracts at the right price, Lovell Stewart now believes it has

found its feet and is capable of taking on contracts in the £10m to £15m range.

Nevertheless, the success of the venture is still not certain, even on completion of the present contract. Important in establishing the company's own track record, Lovell Stewart does not expect to have turned the corner to profitability. Mr. Vassar accepts that if it became a question of pouring money into the venture, he would view the whole situation with a more realistic eye.

No one within the company expected Nigeria to be an easy market in which to work, but there is a general recognition that conditions have become more rather than less difficult. The physical environment continues to pose its own problems.

Communications may have improved—materials have been moved on site from High Wycombe in 21 days—but the amount of paperwork needed, to meet exchange control requirements, for instance, has increased. Companies expected to be active in the Lagos area where Lovell Stewart operates has intensified. Increasing demands are placed on the builders' patience by changes in administrative procedures.

There is, too, the "indigenous" policy which requires the Nigerian holding in Lovell Stewart (Nigeria) to be increased from 40 to 60 per cent. Financial arrangements for the transfer have to be completed by December.

Mr. Vassar remains optimistic, however.

John Huxley

LETTERS TO THE EDITOR

How locomotive drivers can be trained

From Mr R. C. Ormiston-Chant
Sir, When I served the railways I did not drive the locomotives. I built and repaired them, particularly those of the GWR. To this end I had to serve an apprenticeship at the Swindon Locomotive Works, beginning under Mr Hawkins and ending under Mr Smedley. There were many others of my contemporaries similarly occupied and for much of the time we were under the care of an older skilled man. But by no stretch of the imagination was there any need for an apprentice under every single craftsman in that large factory. Yet this is what Mr David Bowman implies (January 13) in suggesting that British Rail needs to train drivers for the future: there must be a lesser skilled second man on every locomotive and so on.

There has never been a "second man" in every train to my knowledge; only the larger of the old style signal cabins had men of junior status as assistants, e.g. the "Book Boy". These railways, too, required the knowledge accorded by Mr Bowman to his vast army of

drivers, though in lesser degrees it is true. Looking at the particular skills specified by him, I notice that the main ground-work at least of most of them can be gained far more efficiently in properly founded teaching establishments—I may be wrong but I do not recall any outstanding urging by Aslef (or NUR) to have such places created by their employers. Practical experience out on the road will always be needed, of course, just as it was necessary in my own craft of fitter, turner and erector, but even in my time back in technical schools and today the apprentices' schools are a vital and extensive feature of the railway industry in its own right.

Mr Bowman's letter merely suggests that the two railway unions catering for drivers are still living in the nineteenth century—and had exactly the same "invasion" during the late 1940s and early 1950s. Yours sincerely,
ROBERT ORMISTON-CHANT,
17, Roseleigh Avenue,
Manchester, M19 2NP.
January 14.

Exchange rate impact on exports

From Mr Andrew Tessler
Sir, Mr Melvyn Westlake, in his highly stimulating article (January 9), tries to explain the likely impact of sterling's rise, yet the exporter will remain as confused as ever—particularly if he remembers the report in your issue of December 9, of the poor export prospects due to sterling's appreciation (by a few percentage points) and in the immediately adjoining column Mr Peter Hill's reference to the sub-contracting of our Polish ship orders, saying "some of the Scandinavian equipment will cost nearly twice as much as the same equipment manufactured in Britain".

It is remarkable that so much importance is attributed to exchange rates when there are other factors of far greater importance deserving attention, indeed demanding prompt action. These are: the lack of skilled labour in many exporting companies, the lack of adequate production capacity (often because government—central and local—still prevent too much of production) and above all the lack of incentives which British managers must endure.

European managers, with knowledge of British industry, often wonder how the British manager achieves so much with so little to encourage him. How, incidentally, can we expect the "industrial strategy" to succeed with demoralized leaders?

These are the real stumbling blocks to a much faster development of our exports and not a few percentage point variations in exchange rates.

Yours faithfully,
ANDREW TESSELER,
ITI Research Division,
"Silverwood", Park Copse,
Dorking, Surrey RH5 4BL.

Estate agents as traders

From Professor John A. Davis
Sir, Apropos the letters in your business section on January 5 about conveying and "gazumping", can anyone explain why estate agents should not be expected to carry their own stock (i.e. houses) like any other trader? This would relieve those who buy and sell houses from them of expenses that an individual as opposed to a business can ill afford, as well as putting the onus of trading fairly on those whose trade depends on maintaining the goodwill of customers. It is not conducive to goodwill to see both solicitors and estate agents make a lot of money for undertaking normal responsibilities in transactions which hardly any householder.

Yours faithfully,
JOHN A. DAVIS,
Professor of Child Health and Paediatrics,
University of Manchester,
Rushdell Road, 1975,
Manchester M13 0JH.



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BY THE FINANCIAL EDITOR

Weight of money arguments

One of the most common explanations put about for what to some at least have been rather disappointing performances by both the gilt and equity markets over the past few weeks has been the low level of institutional liquidity.

At the same time, minds have started wandering to the likely impact of rising institutional cash flow on markets during 1978. For it seems reasonable to suppose that the new funds available to the long-term investing institutions, the pension funds and the life funds, should rise from around £6,500m in 1977 to £7,500m-£8,000m in the present year.

Perhaps the most important point to remember, however, when talking of the increasing weight of institutional money is that it does not automatically result in higher security values. Indeed so herd-like have been the institutions become in their behaviour that the weight of funds has not

significantly higher as the year wears on, and that the Government's need to sell debt on non-banks will fall.

One also needs to make assumptions about the likely needs of the corporate sector for external finance as economic recovery gathers momentum. If internal cash flow proves better than generally expected—and here one needs to look specifically at the non-oil companies—all well and good. On the other hand, any significant corporate sector demand for funds could either drive up short-term interest rates or lead to fresh recourse to equity funding—which could be sizable if the financial sector were to opt for a fresh round of rights issues later in the year. If the inflation rate falls far enough it might even be that that corporate bond market will see a revival for companies that cannot make it to the Euro-sterling arena.

PENSION AND LIFE ASSURANCE INVESTMENT 1972-76

	Cash flow	% into short term assets	Cash flow	% into equities
1972	2,235	12	61	
1973	2,580	12	35	
1974	2,920	44	8	
1975	3,980	14	40	
1976	5,080	3	27	

even managed to produce a smoothing effect in equity bear markets. Unless the underlying trend in a particular market is the right way, the institutions, by and large, manage to find alternative homes for their cash, even to the extent of leaving large proportions of annual cash flow in cash itself.

As far as the present year is concerned, there is a fairly widespread feeling that the institutions may well want to pay some attention to increasing their holdings of short-term assets once again after what was probably a further small run-down in 1977. It is, however, far from being a unanimous view. Brokers Wood, Mackenzie, for instance, have recently argued that, on the basis of the kind of cash ratios held (1968-72) before the upsets of the mid-seventies, the liquidity ratios of the long-term funds do not look unduly low, either on a liquidity to assets or liquidity to cash flow basis.

Even if one takes this view, however, one can only be very tentative in moving from this kind of base towards other conclusions. As far as the equity market is concerned, for instance, a bullish conclusion would still require assumptions that the overall economic background shapes up reasonably well, that short-term interest rates do not move

Dividend control The problem of forecasts

With six months left before the expiry of the current dividend restraint legislation, the Treasury is facing an increasingly complex technical problem. The first sign of this appeared in the recent rights issue documents from Manchester Garages which contained the promise of a 51 per cent dividend increase and the remark that Treasury permission was not needed for this because the payments would be made long after July 31.

The Treasury passed the wording, though the fact that the dividend increase was a fairly normal one for a rights issue means this should not be taken as any clear indicator that restraint will definitely end on that date.

In fact companies are being told very clearly that no indication can be given either way. Strictly speaking, dividend restraint does not exist after July 31 but the Government still has time to introduce the new primary legislation necessary, particularly as there is a Budget due between now and then.

Obviously the application or removal of restraint is a major political bargaining counter and, as such, the Government will evidently be wanting to squeeze as much mileage out of it as possible. But, meanwhile, companies are having to make more and more difficult projections for the immediate future and the Treasury is having to qualify every statement it makes.

From now on news of company results and special situations are likely to be accompanied by a statement incorporating this kind of uncertainty and shareholders will just have to make what they can of the direction of the political breeze.

Explosive growth in leasing

This week, LCP, a group which includes extensive British Leyland distributorships in the West Midlands, announced a £3m purchase of a Ford franchise in the North West. One reason is that it wants to increase its presence in the rapidly growing business of car leasing. In a wider sense, though, leasing is becoming increasingly important as a method of financing new assets and at the same time is one of the more contentious areas for which the accountants are preparing a standard treatment.

Within the 25 per cent to 30 per cent growth of general leasing business during the past 12 months, the most explosive increase has been in leasing passenger cars.

Car leasing is achieving this sort of growth because it is the newest facility offered within a growing business which is changing the face of the way British companies are financed.

Stock appreciation relief has meant that many companies have had insufficient taxable profits to take advantage of the capital allowances available on new investment. The lessor company, being able to take advantage of the capital allowances itself, can pass on the benefit to lessees in lower rental charges, which are themselves allowable against corporation tax.

The clearing banks spotted the potential for companies with low tax charges in the early seventies and since 1972, the business has grown fourfold. The spur to the passenger car leasing came last year with the ending of the 10-month deposit rule and the fact that the 100 per cent capital allowance against tax was available on that type of business to leasing companies.

Such growth has inevitably created prob-

lems for the accounting profession, which lacks a standard practice for dealing with leasing and which has led to the anomalous position whereby jumbo-jets worth millions of pounds do not appear on any company's balance sheet.

It has also been having a marked effect on motor distributorships as fleet buying switches to fleet leasing.

The push into leasing, though, has been led by finance houses as car hire purchase business has tended to decline, and is bound to have an effect on the profitability of the distributor, which it is still, perhaps, too early to assess.

One of the advantages of all types of leasing has been that it is off-balance sheet. With the accounting profession now girding itself, at last, to produce an exposure draft, this could change. The worry is that it could also influence the revenue to alter its tax treatment.

The thinking is that the lessee company will take the leased asset on its balance sheet, although, in law, it does not have ownership. The problem is that the whole basis of leasing is that the capital allowance against tax is taken by the lessor company. Tax and accounting conventions do not always coincide, but there is a difficulty that one anomaly will simply be replaced by another.

For the lessor the problem is to account for the profit received from an asset it technically owns, but which someone else has the use of, and for which it gets tax advantages.

To overcome the problems meetings have been arranged next month between the Accounting Standards Committee and members of the Equipment Leasing Association.

Keeping the virtues of free trade in sight

Hugh Stephenson

Mr Ushiba is due this week in the capitals of Europe. As Japan's Minister for External Economic Affairs, he is the focus of what will unquestionably be one of the big running stories of 1978—namely, the pace at which the drift towards protectionism in world trade continues and the responsibility or otherwise of Japan for accelerating it.

As a former ambassador to the United States, Mr Ushiba cannot but have noticed in his recent visit to Washington how much more widespread the protectionist pressures facing this Administration have become, and how strongly this is tinged with straight anti-Japanese feeling. As a member of the Fukuda government, Mr Ushiba will, on the other hand, be fully aware of the huge industrial, social and political task of reorienting an economy which has become used over a period of more than a quarter of a century to the habit of an economic miracle based on an undervalued yen and soaring exports.

The international state of mind about free trade seems to be in a process of change. It is beginning even among many former out-and-out advocates of free trade as a good thing in itself. What is less clear is whether this change is just a pragmatic reaction to an already deteriorating situation; or whether it is a positive shift in thinking about how international trade should be handled.

The facts at the moment fit either interpretation. There is no reason to suppose anything but that President Carter is in favour of free trade. But, in order to preserve that central core of international policy, he may think it wise, or necessary, to add certain "tactical" concessions to those that protectionists have already gained from previous administrations.

With luck, a pragmatic Washington free trader might say, the rot can be contained by quotas, gentlemen's agreements and other devices in chemicals, textiles, shoes, steel and a

handful of other things; and, even on steel, the President is talking of something that falls a long way short of what the American industry wants. The question, though, is when does an orderly holding operation become a disorderly retreat?

President Carter, faced with this delicate political and economic problem, has latched onto the slogan that free trade must be fair trade. But no slogan, however good, will stop the pressures mounting during 1978. The recent trend of Japan's own imports still seems firmly downward. There is scepticism, verging on total disbelief, about the official forecast that the Japanese economy will grow by 7 per cent this year, thus creating a market for the exports of others.

Even, however, when the world comes out of this collective recession, there is increasing doubt about whether it can take the full weight of the competition that should transmute itself through totally free trade in certain sectors. The low wages and

high productivity of the South Koreans of the developing world are such that Japan itself will soon be clamouring for protection.

Yet we must not lose sight of the virtues of free trade. Protection may seem to be the friend of the producer; it is the enemy of the consumer, because it involves higher prices and reduced choice. Its whole purpose is to aid to developing countries has been that they should thus raise their own standards of living. It is both illogical and immoral, where that process has borne fruit, to remove or reduce their exporting potential.

The way forward must lie down the path of what might be called managed free trade: not protectionism. Where the checks of changes in trading patterns are too great, unofficial and official quotas and other devices may have a part to play in cushioning them. But they should then be used as smoothly and rapidly as possible to increase the flows of trade, not to hold them in check for ever.

Professor Richard Rose, right, suggests that United Kingdom policy-making could benefit from the setting up of institutions like the Americans' Office of Management and Budget and Council of Economic Advisers

Imports from America that could help British economic management

Managing the economy is the Treasury's business, but restraining the Treasury is everybody's business in Whitehall, as when the details of cash limits as well as the broad contours of macro-economic policy are as important as they are today.

The Prime Minister has the biggest stake in the direction of economic policy, for the Treasury's triumphs are his triumphs and his setbacks are his setbacks. But the stronger the Treasury is, the less influence the Prime Minister may have, for Treasury staff and responsibilities dwarf the "in house" expertise of 10 Downing Street.

Cabinet ministers wary of the extension of their status by the alleged "Presidentialization" of British government do share a common interest with the Prime Minister in economic policy. All are on guard against the "Chancellorization" of government, for Treasury ministers are not supposed to be the political interests of the Cabinet of the day.

Immediately after the next election a newly returned Prime Minister will have a unique opportunity to look afresh at the machinery for directing British economic policy. He or she should not approach the subject as a technical exercise in organization and management, but as a political exercise in the balance of power (or "divide and conquer").

nearly every department. The arrangement does work, but the illogicality also attracts criticism.

It is the Civil Service Department's work to the Treasury would centralize control of resources in one department. Civil servants would undoubtedly object to having their career concerns become a minor appendage of the Treasury.

The magnitude of the work involved would create further problems of coordination within the Treasury at a time when mega-departments are no longer fashionable. A policy of attractive alternative would be the hiring of the Chief Secretary's job to a new department responsible for both public spending and manpower. Senior officials in Whitehall point toward the Office of Management and Budget (OMB) in Washington as a possible model for Whitehall reform.

In as much as the OMB does not have effective control over manpower, a new Whitehall Budget department would potentially be more powerful than an American counterpart.

Ministers in spending departments might welcome the removal of control of public spending from the Treasury for two reasons. The first is that the Treasury could no longer by itself plan swinging cuts in departmental budgets, in order to implement macro-economic policies.

The second reason of spending ministers against cuts proposed at the time of the IMF loan in autumn, 1976, is but one illustration of a questioning attitude toward Treasury prescriptions about what must be sacrificed in the nation's economic interest, as defined in the Treasury.

Secondly, the head of a new Budget department could not speak with the political authority of a Treasury minister. Spending departments might hope to get more money from a weaker department or find it easier to appeal over its head.

In Washington lines of responsibility for budgeting are clearly defined. The OMB carries authority in so far as it speaks accurately for the President. Mr Bert Lance's strength at the OMB did not come from knowing the details of the budget, but from knowing the President intimately. His less well connected successor, Mr

James McIntyre, will find spending departments ready to appeal over his head to the man on top.

In Whitehall the crucial question is: would the Prime Minister wish to receive appeals from spending departments against cuts recommended by a Budget minister? If this were done, it would undermine collective Cabinet responsibility.

In itself, this might appeal to a Prime Minister who wished to draw the reins of power into his or her hands. But every time a Prime Minister was personally asked to approve or disapprove two ministers in conflict, there would be the certainty of making one enemy—and perhaps creating an ingrate as well.

but also by awkward questions from jealous competitors for what is inevitably a very limited amount of "new" money to spend. The Chancellor's voice would also be heard pointing out the implications of particular decisions for general domestic and international economic policies.

The views of industry, trade and employment could also more readily be brought to bear in Cabinet.

A weak or indecisive Prime Minister could quickly make a mess of things, by failing to resolve the disparate points of view presented. But a shrewd Prime Minister could steer discussions in the direction he or she favoured, or counter down on the majority side, who there was no prime ministerial commitment to a particular decision.

This might be described as the "Attlee-ization" of the Prime Minister's role—and no had thing, in view of the late Clement Attlee's ability to concentrate upon essentials and give full scope to able Cabinet ministers.

In so far as the Cabinet is inevitably more involved collectively in discussing economic policy, the Prime Minister could strengthen its deliberations by importing another institution from Washington, the Council of Economic Advisers. It is not concerned with day-to-day problems of the budget, like the OMB. Instead, it concentrates upon broad macro-economic questions of concern to the President in his role as manager of the economy.

At the moment, Whitehall is not short of economists or economic advisers. Departments have economic advisers, and ministers sometimes have political advisers with economic qualifications. There are also a host of unofficial institutes and centres ready to proffer advice to Labour or Conservative ministers or both.

There is, however, a great asymmetry of power among economic advisers. Economists in the Treasury know that if their views carry the day within their department, it has the authority to implement them. Nowhere else within the Whitehall machine is there an equivalent concentration of staff to challenge their assumptions in detail.

The value of the Council of Economic Advisers in Washington is that it offers the President a broad view of the economy, independent of the narrow organizational interests of the United States Treasury, the Federal Reserve and OMB.



Professor Richard Rose, right, suggests that United Kingdom policy-making could benefit from the setting up of institutions like the Americans' Office of Management and Budget and Council of Economic Advisers

Overlooked

Studies of presidential power emphasize the fact that the President does not follow administrative functions; instead, they follow political interests. This point is often overlooked in Whitehall. The debate about the Treasury's control of public expenditure and the Civil Service Department's manpower responsibilities illustrates the importance of discerning political interests.

The present position is an anomalous inheritance from the past. The Chief Secretary to the Treasury, Mr Joel Barnett, is responsible for the control of departmental expenditure, whereas the Civil Service Department, nominally headed by the Prime Minister, is responsible for Civil Service numbers and pay, a prime determinant of expenditure in the Treasury.

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Manpower

In Washington a president wish a reputation for success is one who learns to avoid being drawn into controversies where any decision is likely to give some offence. Keeping out of trouble is the second priority of the President. It is a lesson that President Carter appears not yet to have learnt, whereas Mr Callaghan holds his present office because he learnt it a long time ago.

There is a political argument for the Prime Minister creating a separate Budget department with responsibility for controlling manpower within the government. It is that the future of public spending is now too important to be left to the Treasury. It is an issue that ought to concern the Cabinet as a whole.

Notwithstanding the present euphoria induced by the prospect of North Sea oil revenue, Whitehall departments are likely to need to keep a tight rein on the growth of public spending in the years ahead. Even if the whole of the projected £5,000m in extra revenue were available for departmental programmes, there would be a need to decide overall priorities for the use of that money, especially when £5,000m does not go as far as it used to.

A canny Prime Minister could use the Cabinet as a forum for discussing conflicting points of view. Any spending minister putting a case for his or her department would not only be met by hard questions from the Budget minister

Sufficient

Since the American Council of Economic Advisers requires a professional staff of only a few dozen, there is no prospect of a counterpart becoming cumbersome or expensive. A dozen or two economists concentrated in one place would be sufficient to give the Cabinet a view of the economy that neither the Prime Minister's staff nor the Central Policy Review Staff can now offer.

No institutional reform by itself will make for better economic conditions. In an unfavourable world economic climate the best that the British Government can do may simply be to cope with difficulties in a "not too disastrous" manner.

The greater these difficulties are, the more it is in the collective interest of Britain's governors to see that every one inside and outside Westminster understands the hard choices facing government about how to spend the nation's limited resources.

The author is Professor of Politics at Strathclyde University. © Times Newspapers Ltd, 1978

Business Diary in Europe: Bordering on the ridiculous

The Dutch Touring Club has been compiling a dossier of road cases thrown up by the allegedly free movement of labour in the European Community. Some of them make alarming reading.

A Belgian male nurse found himself at a hospital in Rotterdam and, when he returned home, he found he had been charged with a fine of 100 guilders for not having a Dutch passport. He was told that he had to pay his taxes twice over, but also has to change his number plates every time he crosses the border.

A German with a job near Hamburg has suffered an even more bizarre fate. The Dutch authorities, who register his car in Holland, the Germans are willing to let him drive in the Dutch Republic with Dutch plates, but only to a predetermined point, such as his home in Hamburg. Should he then wish to go anywhere else in Germany, he is only to do so by returning to Hamburg and starting again.

A Dutchman from Wageningen, working with an American company in Le Hayre, thought had beaten the system when he rented a temporary flat so that his wife could join him. had French plates on his

own car and Dutch on his wife's. But the French soon found him, and now he is paying double taxes on his wife's car as well.

In a fourth case a German commercial traveller working also in Belgium and the Netherlands and using his own car for business, found himself obliged to pay import charges to all three states as he crossed the borders, and in a fifth a Dutchman living near the German frontier who stored his caravan on a site across the border—visiting it only to collect it for the annual holiday—was dunned for VAT in Germany on the grounds that he "habitually used" the caravan there.

The Bureau of Organizations of the International Touring Union within the European Community says that such cases represent "high-handedness and confusion in a grotesque form". It has sent them to the European Commission with a plea that it should protect European citizens from contradictory interpretations of EEC rules by the national bureaucracies of the member governments.

Thanks to research initiated by Roland Courvoisier, of the Belgium magazine *Test-Budget*, Phoenix Assurance of London finds itself dominated as the "best buy" in a Continental equivalent of *Money* Which?

Courvoisier's idea was to com-

pare insurance costs in the EEC member states and see whether it would be possible for nationals of one country to benefit from cheaper insurance available in another.

His researches showed that even the highest British quotations for term assurance were usually well below anything available on the Continent, but he detected what his report solemnly describes as "a natural aversion to foreigners" among British insurance companies.

Among the sample of British companies consulted, only Phoenix, the acknowledged United Kingdom market leader in term assurance, was willing not only to insure foreign lives but also to arrange medical examinations abroad, accept premiums in foreign currency and, wherever possible, arrange for payment of benefit in foreign currency.

Even Phoenix has reservations about foreign lives of which *Test-Budget* may not be aware. "We would only write policies for business which comes to us through a United Kingdom broker," it says. "We would shun any direct approaches."

Nor can all Continentals hope to benefit from the cheaper United Kingdom rates. French, like Britons themselves, are prohibited from insuring their lives abroad. There are moves afoot now to get the European Commission to pro-

hibit these restrictions, but the fact that he is past the normal retirement age has not stilled rumours that the real reason for his going is a row with one of the company's major shareholders.

His successor is likely to be appointed in four to six weeks' time. At present his deputy, Dr Alfred Hartmann, is the front runner for the job.

It is only in recent years that kidnapping for cash has figured to any large extent in West German crime statistics. But this extremely lucrative offence is already posing a problem for the Federal Republic's tax authorities.

One kidnapping victim has brought a case before the Federal Fiscal Court in Munich that threatens to deprive the state of a large slice of revenue. The unnamed victim, who was kidnapped when leaving his bar in Hamburg, is claiming that the ransom that he subsequently had to pay should be tax deductible as a business expense.

The attraction for the taxpayer is that business expenses can be carried forward and set against earnings for five years. A possible alternative—declaring the ransom payment as an extraordinary personal burden, to be set against income tax—can only be used for one tax year.

The business expense argument has already been rejected

by a lower court. The appeal is due to be heard in Munich later this year and the case will doubtless be watched closely by other kidnappers and their tax advisers.

The European Commission's competition department, under Luxembourg lawyer Raymond Vloeberghs, has been vigorously waving the free trade banner, as in the whisky affair, but last week it actually took the step of encouraging restrictions on competition.

The action was taken on behalf of small and medium-sized firms, to increase their scope for cooperation in production and marketing. The Commission says that such firms employ more than half the EEC's work force and have a special role to play because of their ability to adapt to changing economic circumstances and to meet individual needs for goods and services.

One of the measures taken by the commission is to raise from £6m to £21m the maximum aggregate annual turnover of companies participating in marketing and production agreements that qualify for exemption from EEC competition rules. The combined market share of such firms must not exceed 5 per cent.

The rules on specialization agreements, where firms divide up the production of certain goods among themselves, have also been slightly relaxed.

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Continued growth—improved margins

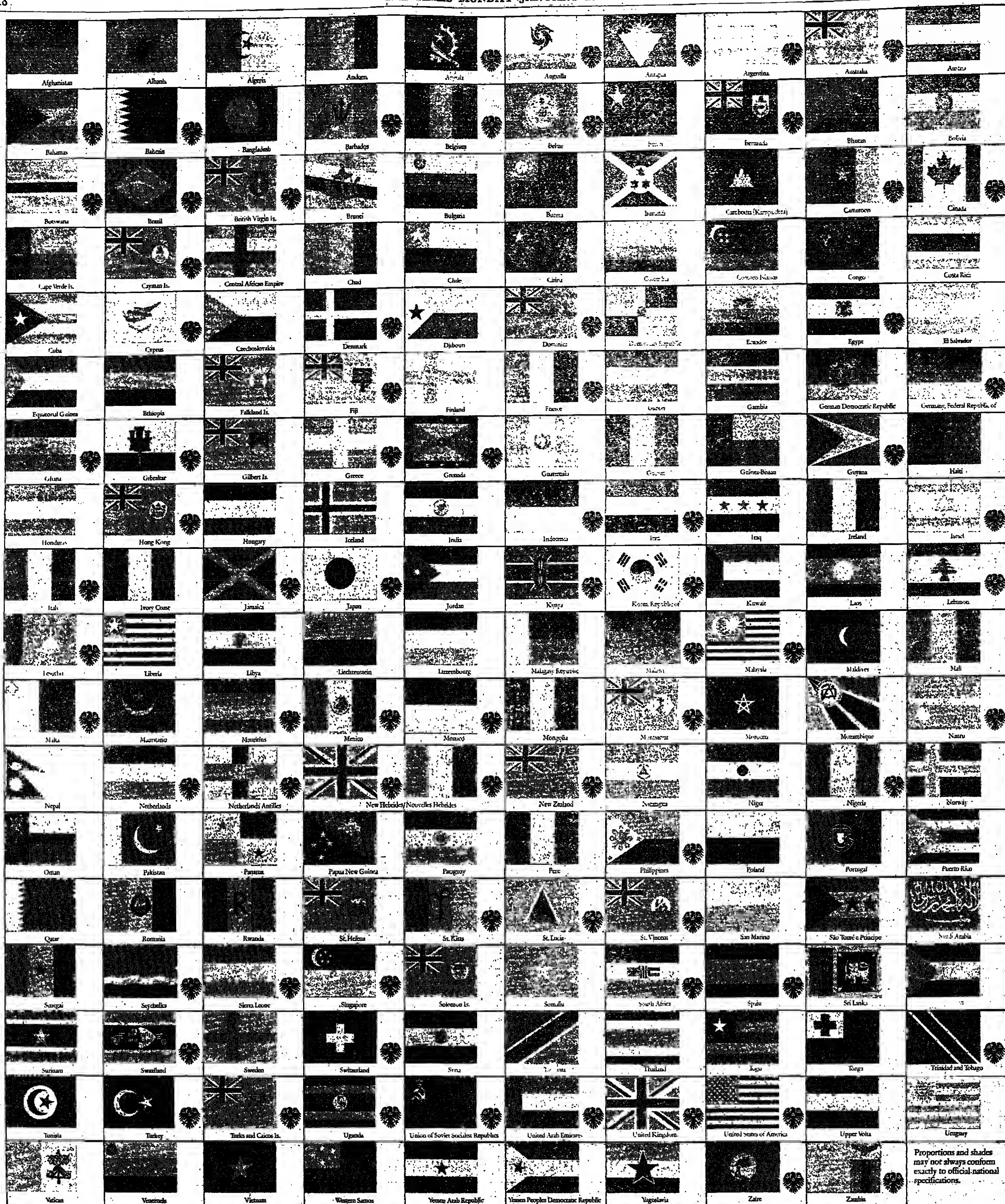
Mr. B.H.S. Martin, Chairman, reports on the year ended 2nd October 1977.

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- Sales £64,957,000 +15% (incl. VAT)
- Gross Dividend 10.0p +51%

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Year	Profit Before Tax (£'000)
1973	1386
1974	1512
1975	1950
1976	2147
1977	2916

PROFIT BEFORE TAX IN £'000



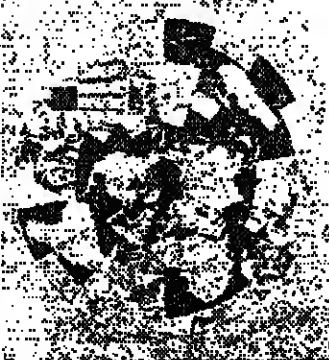
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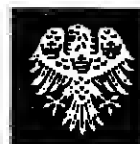
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FINANCIAL NEWS AND MARKET REPORTS

International

Caterpillar Tractor's record 1977

Peoria, Illinois—Caterpillar Tractor reports record consolidated sales and profit for 1977. Consolidated profit was \$45.1m (£23.1m) or \$5.16 a share of common stock, 71 cents more than in 1976 and 52 cents more than the previous record of \$4.64 earned in 1975.

Sales of \$5.85bn were 16 per cent higher than in 1976. The increase in sales resulted almost equally from a greater physical volume of shipments and from price increases implemented because of high inflationary costs for labour, materials and services. The increase of physical volume was the major factor contributing to the profit improvement.

Also contributing to the higher profit was the success of the company's cost reduction efforts including the close monitoring of inventories and strict controls on employment.

Partially offsetting these favourable factors were: Manufacturing costs incurred in some countries which translated into more United States dollars due to the strengthening of the local currency in relation to the United States dollar. This adversely affected profit when the product was sold for United States dollars.

Small advance at Airco

Montvale, New Jersey—Airco Inc reports its fourth successive year of record sales and income. Full-year 1977 net income was \$55.5m, an increase of 2.8 per cent over 1976. Earnings per share were \$4.70, slightly higher than the \$4.68 earned in 1976.

Airco is an associate of BOC International which owns about 34 per cent of the shares. A tender offer by BOC for a further 1.8m shares, which would increase its stake to about 49 per cent closes today.

Net sales were \$920.1m, an increase of 9.3 per cent over 1976. Airco's President, Mr Richard Giordano, commented that sales volume during 1977 increased in all lines of business. But the benefit from this higher sales volume was substantially offset by sharply reduced selling prices for Ferrolloys, higher costs in all lines of business and increased regulatory compliance and development expenses in the medical business.

He noted that all of the company's alloy product lines were subjected to severe price competition from imports throughout 1977.

Rockwell up 37 pc in first quarter

Rockwell International Corporation have reported a 37 per cent increase in earnings for the first quarter of the current year. Totalled \$94.0m or \$1.15 per share, compared to 1977's \$69.3m or \$0.85 per share.

Sales were \$1,351m, a slight increase over sales of \$1,348m in the first quarter a year ago. The quarterly rise reflected continuing earnings growth in the electronics businesses and in the utility and industrial operations which also benefited from a \$5m net gain on a property sale.

Net income of Aluminum Company of America (Alcoa) was \$195.2m for 1977, or \$5.58 a common share. This compares with net income of \$143.8m or \$4.14 a share for 1976. Net income for 1977 included a non-recurring loss of \$6.4m or 18 cents a share resulting from the closing of the Cressona (PA) works in the United States in the second quarter. Alcoa's sales and operating revenues were \$3,400m for 1977, compared with \$2,900m for 1976.

Bank Base Rates

ABN Bank	6 1/2%
Barclays Bank	6 1/2%
Consolidated Credits	7 1/2%
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C. Hoare & Co.	6 1/2%
Lloyds Bank	6 1/2%
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Midland Bank	6 1/2%
Nat Westminster	6 1/2%
Russians	9 1/2%
Shenley Trust	9 1/2%
TSB	6 1/2%
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The Over-the-Counter Market

Capitalisation	Company	Price	Change	Yld	P/E
£000's					
2,050	Airsprung Ord	41	+2	4.2	10.8
350	Airsprung 18% CULS	10	—	18.4	2.2
900	Armstrong & Rhodes	36	—	12.3	9.2
438	Bardon Hill	142	—	12.0	8.5
2,685	Deborah Ord	100	—	5.1	5.1
211	Deborah 17% CULS	211	—	17.5	8.0
19,936	Frederick Parker	138	—	11.5	8.3
1,200	Jackson Group	48	+2	5.0	10.4
15,181	James Burroughs	110	—	6.0	5.5
3,264	Robert Jenkins	320	—	27.0	8.4
16	Unicomb 12% ULS	78	+3	12.0	15.4
2,221	Twillock Holdings	74	—	7.0	9.5
369	Walter Alexander	85	+1	6.4	7.5

Reviews take gloomy view of the outlook for non-ferrous metals

A gloomy view of the outlook for non-ferrous metals is taken in two recent reviews, those of Commodity Analysis and Amalgamated Metal Corporation.

For copper Commodity Analysis forecasts a possible rise of 65 cents per lb by mid-1978 due to supply coming into temporary balance with demand, the possibility of some measures by the Council of Copper Exporting Countries (Ciprec) to reduce production and the United States buying some copper.

AMC also forecasts a rise in price to about 65 cents per lb in the first half of the year but says that after mid-year a price fall is in prospect in the absence of a significant improvement in production discipline and further major closures.

The sharp fall in the price of copper since May, 1977, says AMC, is resulting in a profound reshaping of the copper producing industry as about 75 per cent of copper production in the western world is operating on a negative cash flow basis at prices of 56 cents per lb while for the private sector of the western world the percentage operating at a negative cash flow is approximately 85 per cent.

On tin there is general agreement in the market that the key factor is the possibility of the United States selling up to 50,000 tonnes from the stock held by the general Services Administration (GSA). AMC says that the reintroduction of Senator Dini's Bill to permit this, which was narrowly defeated last October, is now likely to be early in the year and that behind-the-scenes bargaining should ensure its passage.

Based on a forecast of a net new supply shortfall in 1977

9,500 tonnes in 1978, it would appear, says AMC, that without significant releases from the GSA stockpile, a serious shortage could arise. There could be a further reduction in production stocks, now standing at under 25,000 tonnes, but this is unlikely unless prices rise significantly.

AMC adds that governments of tin producing countries must be aware that further rises in prices must result in some substitution and it is therefore possible that these governments will support any moves to enable GSA releases to take place, although they

is unlikely to be repeated and furthermore by the spring car production in most countries should start to decline. The outlook is for a surplus of lead extending into 1979.

As historically small changes in the lead supply-demand balance have caused quite large movements in price, Chart Analysis forecasts lead prices being unable to hold £350 a tonne during the winter, with a fall to about £300 a tonne a distinct possibility.

AMC also thinks that a fall to under £300 a tonne is not inconceivable. They point out that a surplus of some 70,000 tonnes is forecast and that surpluses of this size in previous years have caused major declines in lead prices.

On zinc AMC says that there is little prospect of an appreciable increase in industrial construction in the western world to support improvements in the galvanizing market to 1978. Furthermore, a fall in car production in the western world of about 650,000 units, or 2 per cent, is forecast. In addition it is highly probable that there will be a further significant reduction in unit consumption of zinc in car usage.

"So we can see a surplus in supply of slab zinc of some 385,000 tonnes and it would seem likely that further closure of smelters and mine capacity are likely during the year. Further falls in zinc prices during 1978 would seem unavoidable."

Chart Analysis says that zinc will continue to be a surplus metal and purchases can be recommended only for trading purposes. The cut in the European producers' price and the difficulties of the Tarn mine in Ireland will add to capacity being shut down.

None the less, mine production is likely to be higher again in 1978 adding to the smelters' difficulties of reducing output further.

Wallace Jackson

Commodities Editor

Commodities

will probably require assurances that no disruption of the market occurs. Against this background, some fall in prices must be expected this year, says AMC.

Chart Analysis believes that a formula agreeable to most parties on the United States Administration's contribution to the Fifth International Tin Agreement (a metal contribution of between 4,500 and 5,000 tonnes) may soon be reached and that agreement may be reached sooner than many commentators predicted, on the basis of up to 30,000 tonnes from the GSA stockpile.

It is also possible, says Chart Analysis, that such sales, which will be effected over a period of time, may well have the support of some important tin producing countries "as there would appear to be a related concern on the effect of price on consumption."

In the meantime, tin prices may well rise further, but the prospect of 1978 is likely to be the reverse of that in 1977.

Both reviews take a bearish view on lead. Chart Analysis says that the exceptionally strong demand for lead from battery manufacturers in 1977

Freight report

Outlook is gloomy for Gulf tankers

The plight of the tanker market worsened last week with yet another decline in rates. Levels for vessels shipped back another point, with worldscale 18.75 being paid by Focal for the 255,000 tonner Grand Brilliance for a Gulf to United Kingdom/continent voyage.

Few bookings were made for large tonnage out of the Gulf, so unless several vessels move into leasing, or greater use is made of slow steaming the outlook for the surplus of tonnage available for spot fixing in the Gulf is gloomy.

This surplus, which is currently in the region of three million tons, already includes a number of vessels which have been waiting for at least a month.

Another example of the poor position of the market was provided by the forward fixing of a 280,000 tonner by the French company Elf to ship a 268,000 ton cargo to Europe at workscale 19. Despite the fact that the ship had to wait another two weeks before the cargo was ready, and it had already been waiting for over three weeks, the owner decided to have some firm business lined up rather than playing the market.

Texas was also active in the market trying to meet oil requirements. Several vessels were chartered as having been taken for this business but contractors were not forthcoming as the week came to an end.

It was being reckoned that the rate for this charter would be between workscale 15.5 and workscale 16. Ironically at one stage the ship lined up was Arab owned.

Overall the market experienced a slack week. Of the other major loading areas the Caribbean was about the busiest. Brokers were naturally very pessimistic about the immediate future.

David Robinson

Commercial & Industrial

Dana Corporation

Talbot W. Group

Investment Trusts

Trans-Oceanic

Dealers pessimistic about dollar's future

Euromarkets

Bond underwriters and dealers indicate that sentiment is still generally pessimistic about the dollar's future. At best, some markets are predicting the Eurodollar bond price will stabilize in the coming weeks in keeping with what they hope will be a firmer dollar.

However, others point out that none of the fundamental factors affecting the dollar's performance in the exchange market have changed. The United States current account deficit for trade in goods and services this year is still expected to exceed last year's estimated \$17,500m.

In addition, the dollar is still under considerable pressure to increase their medium-term Eurocurrency lending to make up in volume what they have lost by trimming lending margins. Though such lending totalled about the equivalent of \$40,000m last year, analysts say the amount this year could well approach the same level and indirectly contribute to the surplus of dollars in the foreign exchange market.

And, of course, capital flows are a major influence on trade patterns because corporate treasurers often try to build up liquidity in strong currencies by accelerating exports and delaying imports in those currencies they want to build up balances.

This explains why Switzerland, which traditionally runs a trade deficit, has been earning a trade surplus recently despite a prolonged and substantial rise in the Swiss franc, analysts argue.

In all, most market participants reckon that the ability of the New York Federal Reserve Bank or other central banks to influence foreign exchange rates for any length of time is limited because of the limited resources of central banks in relation to the large multinational companies.

Indeed, some analysts say that the only proven cure for a weak currency is deflation of the internal market, accompanied by high interest rates. At least, Britain in 1976 and France in earlier years were able to strengthen their currencies by taking such steps.

Reflecting diversification of proceeds from dollar bond portfolios, a 12 million European unit of account, 15-year issue of Kommunalschatzbrief AB, a Swedish municipal financing instrument, was about 11 times oversubscribed even though the syndicate manager, Kreditbank Luxembourg, lowered the coupon rate a quarter point to 7.75 per cent.

One banker commented that foreign investors are so desperate to get Swiss francs that they are treating the currency like a commodity.

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Unit Trust Prices—change on the week FT Index change on week 487.7+6.8 (1.4%)

Unit Trust	Price	Change	Unit Trust	Price	Change
Authorized Unit Trusts			Prudential Assurance Ltd		
1000 General Fund	100.00	+0.10	1000 General Fund	100.00	+0.10
1000 Growth Fund	100.00	+0.10	1000 Growth Fund	100.00	+0.10
1000 Income Fund	100.00	+0.10	1000 Income Fund	100.00	+0.10
1000 International Fund	100.00	+0.10	1000 International Fund	100.00	+0.10
1000 Life Fund	100.00	+0.10	1000 Life Fund	100.00	+0.10
1000 Money Fund	100.00	+0.10	1000 Money Fund	100.00	+0.10
1000 Real Estate Fund	100.00	+0.10	1000 Real Estate Fund	100.00	+0.10
1000 Science & Tech Fund	100.00	+0.10	1000 Science & Tech Fund	100.00	+0.10
1000 Small Cap Fund	100.00	+0.10	1000 Small Cap Fund	100.00	+0.10
1000 Value Fund	100.00	+0.10	1000 Value Fund	100.00	+0.10
1000 World Fund	100.00	+0.10	1000 World Fund	100.00	+0.10
1000 Zero Coupon Fund	100.00	+0.10	1000 Zero Coupon Fund	100.00	+0.10
1000 Bond Fund	100.00	+0.10	1000 Bond Fund	100.00	+0.10
1000 Equity Fund	100.00	+0.10	1000 Equity Fund	100.00	+0.10
1000 Fixed Income Fund	100.00	+0.10	1000 Fixed Income Fund	100.00	+0.10
1000 High Income Fund	100.00	+0.10	1000 High Income Fund	100.00	+0.10
1000 Income Plus Fund	100.00	+0.10	1000 Income Plus Fund	100.00	+0.10
1000 International Bond Fund	100.00	+0.10	1000 International Bond Fund	100.00	+0.10
1000 Life Plus Fund	100.00	+0.10	1000 Life Plus Fund	100.00	+0.10
1000 Money Plus Fund	100.00	+0.10	1000 Money Plus Fund	100.00	+0.10
1000 Real Estate Plus Fund	100.00	+0.10	1000 Real Estate Plus Fund	100.00	+0.10
1000 Science & Tech Plus Fund	100.00	+0.10	1000 Science & Tech Plus Fund	100.00	+0.10
1000 Small Cap Plus Fund	100.00	+0.10	1000 Small Cap Plus Fund	100.00	+0.10
1000 Value Plus Fund	100.00	+0.10	1000 Value Plus Fund	100.00	+0.10
1000 World Plus Fund	100.00	+0.10	1000 World Plus Fund	100.00	+0.10
1000 Zero Coupon Plus Fund	100.00	+0.10	1000 Zero Coupon Plus Fund	100.00	+0.10
1000 Bond Plus Fund	100.00	+0.10	1000 Bond Plus Fund	100.00	+0.10
1000 Equity Plus Fund	100.00	+0.10	1000 Equity Plus Fund	100.00	+0.10
1000 Fixed Income Plus Fund	100.00	+0.10	1000 Fixed Income Plus Fund	100.00	+0.10
1000 High Income Plus Fund	100.00	+0.10	1000 High Income Plus Fund	100.00	+0.10
1000 Income Plus Plus Fund	100.00	+0.10	1000 Income Plus Plus Fund	100.00	+0.10
1000 International Bond Plus Fund	100.00	+0.10	1000 International Bond Plus Fund	100.00	+0.10
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1000 Small Cap Plus Plus Fund	100.00	+0.10	1000 Small Cap Plus Plus Fund	100.00	+0.10
1000 Value Plus Plus Fund	100.00	+0.10	1000 Value Plus Plus Fund	100.00	+0.10
1000 World Plus Plus Fund	100.00	+0.10	1000 World Plus Plus Fund	100.00	+0.10
1000 Zero Coupon Plus Plus Fund	100.00	+0.10	1000 Zero Coupon Plus Plus Fund	100.00	+0.10
1000 Bond Plus Plus Fund	100.00	+0.10	1000 Bond Plus Plus Fund	100.00	+0.10
1000 Equity Plus Plus Fund	100.00	+0.10	1000 Equity Plus Plus Fund	100.00	+0.10
1000 Fixed Income Plus Plus Fund	100.00	+0.10	1000 Fixed Income Plus Plus Fund	100.00	+0.10
1000 High Income Plus Plus Fund	100.00	+0.10	1000 High Income Plus Plus Fund	100.00	+0.10
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1000 World Plus Plus Plus Fund	100.00	+0.10	1000 World Plus Plus Plus Fund	100.00	+0.10
1000 Zero Coupon Plus Plus Plus Fund	100.00	+0.10	1000 Zero Coupon Plus Plus Plus Fund	100.00	+0.10
1000 Bond Plus Plus Plus Fund	100.00	+0.10	1000 Bond Plus Plus Plus Fund	100.00	+0.10
1000 Equity Plus Plus Plus Fund	100.00	+0.10	1000 Equity Plus Plus Plus Fund	100.00	+0.10
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1000 Small Cap Plus Plus Plus Plus Fund	100.00	+0.10	10		

John Foord

plant and machinery valuers

(Current market price multiplied by the number of shares in issue for the stock quoted)

[illegible]

